

## **The complaint**

Miss W complains about the way in which MBNA Limited handled her credit card account when she fell into arrears.

## **What happened**

Miss W had an MBNA credit but was unable to make payments in full. In June 2014 she entered a debt arrangement scheme, which included the MBNA account. Payments started in September 2014, and MBNA sent a formal default notice in November 2014 – followed by others in the following months.

In March 2015 MBNA registered the default with credit reference agencies, showing that month as the date of default.

In June 2015 MBNA passed the account to a different business, A. At the end of the debt arrangement, however, A said that Miss W still owed money. MBNA looked into that and concluded that it had, wrongly, charged interest on the account after the debt arrangement scheme was put into place; interest should have been frozen. MBNA told A about the error, so it – as the owner of the account – could make the necessary adjustments.

Miss W complained to this service about what MBNA had done, and one of our investigators considered what had happened. She took the view that MBNA should have registered the default sooner than it did – in September 2014, when the debt arrangement plan began – and that MBNA should not have charged interest after that date. She noted that A, as the owner of the debt, was responsible for updating the credit file; MBNA had told A about the error in charging interest, but the investigator thought it should, in addition, pay Miss W £150 in recognition of the distress its errors had caused.

MBNA accepted the investigator's recommendations, but Miss W didn't and asked that an ombudsman review the complaint.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, however, I've come to broadly the same conclusions as the investigator did, and for similar reasons.

In response to the investigator's view, Miss W said she thought it was unfair that she was charged interest after she entered into the debt arrangement plan. But the investigator agreed with that, and so did MBNA. I note too that MBNA indicated it told A about the error. I don't believe it can reasonably be expected to have done any more. Of course, the error shouldn't have been made in the first place, but in my view MBNA did what it could to correct the mistake once it came to light.

The investigator also said the default should have been registered earlier, and MBNA agreed with that finding as well. But it's now for A to address any issues relating to credit reference

agencies.

As well as taking steps to correct the errors, the investigator thought MBNA should pay Miss A some compensation. Again, MBNA accepted that, and agreed to the suggested figure of £150. I agree that it's reasonable in the circumstances.

### **Putting things right**

Although MBNA has agreed to the suggested compensation, I will make an award, so that Miss W can enforce it should that be necessary. In doing so, I'm assuming it hasn't already been paid.

### **My final decision**

My final decision is that to settle this complaint MBNA Limited should pay Miss W £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 1 February 2021.

Mike Ingram  
**Ombudsman**