

## The complaint

Mrs M complains that MBNA Limited (MBNA) lent to her irresponsibly.

## What happened

In June 2015, Mrs M applied for a credit card with MBNA on a balance transfer offer. This was agreed with a limit of £4200. There were two limit increases and several declined requests as follows:

Date	Limit
<i>June 2015</i>	<i>£4200 (approved)</i>
<i>February 2016</i>	<i>£6000 (approved)</i>
May 2016	£9000 (declined)
May 2016	£7500 (declined)
May 2016	£7000 (declined)
May 2016	£6100 (declined)
May 2016	£6500 (declined)
<i>January 2017</i>	<i>£6500 (approved)</i>
January 2017	£8500 (declined)
January 2017	£7000 (declined)

Mrs M complained that she shouldn't have been given the card in the first place as she had several other large debts. And, the increases shouldn't have been agreed either. When she took the card in 2015, her total debts were the same as her annual income. She only ever paid the minimum monthly instalments. As a result, she's now struggling with a mountain of debt amounting to over £29,000 – which she is struggling to repay. She went on maternity leave in November 2015 – on a reduced income, and then had to take a lower paid job late in 2016.

MBNA said Mrs M passed their credit checks in 2015 – when the card was first issued. Overall, Mrs M applied for seven increases in limit which were declined. But they'd agreed a modest increase from £6000 to £6500 in January 2017 – which also passed their checks.

Mrs M brought her complaint to us. Our investigator said MBNA had acted fairly. In June 2015, Mrs M said her income was gross £28000 and household income was £70000 per annum. Total other debts were £12268. So, the first limit of £4200 was OK. Looking at the increase to £6000 in February 2016, the previous limit had not been used fully, all payments had been made and there weren't any over limit situations or cash withdrawals – all signs of potential problems. Mrs M hadn't told MBNA about her reduced income. He could see that MBNA's credit checks were passed. More than the minimum payment had been made in several months prior to 2017 – so MBNA wouldn't have seen a problem.

Mrs M asked that an ombudsman looks at her 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.

By February 2017, Mrs M told us that she had total debts of more than £29000 – and her income had dropped to a net £1100 per month – as she'd been on maternity leave and then had to change jobs - so by then, she was clearly in financial difficulty. But – the crux of her complaint is about whether MBNA should've given her the card in June 2015 (limit £4200), then increased the limit to £6000 in February 2016, and to £6500 in January 2017. Those were the main events here which I will consider.

All lenders have an obligation to lend money responsibly. We have to check whether MBNA acted in line within the Financial Conduct's (FCA) rules on creditworthiness assessment as set out in its handbook, (CONC) section 5.2. These say that a firm must undertake a reasonable assessment of creditworthiness, considering both the risk to it of the customer not making the repayments, as well as the risk to the customer of not being able to make repayments. We look at:

- Whether the lender completed reasonable and proportionate checks to satisfy itself that the borrower would be able to repay any credit in a sustainable way?
- If reasonable and proportionate checks were completed, did the lender make a fair lending decision made bearing in mind the information gathered and what the lender knew about the borrower's circumstances?

I agree that MBNA carried out the necessary checks in June 2015 – we've seen these. Mrs M stated her income was gross £28,000 and total household income was £70,000. There weren't any children or mortgage. There were other debts showing of £12268 – but payments on these were all being met. There weren't any defaults showing on her credit file. And so, based on that information, I can't say MBNA were wrong in giving her the card.

By the increase to £6000 in February 2016, other debts were £14992, and her income and circumstances were – as far as MBNA were concerned – unchanged. The previous limit of £4200 hadn't been used fully – and apart from the balance transfer of £2100, there were only 16 retail purchases in the six months since the card was issued. The balance as at January 2016 was only £2451. There hadn't been any cash withdrawals of over limit situations. So, there weren't any signs of problems.

The final increase – to £6500 in January 2017 was only a small one. Mrs M's other debts had, by this time, increased a lot – to over £29000. But, the increase with MBNA was small (£500), and I don't think this is material in the context of Mrs M's complaint. I've also seen that Mrs M was paying more than the minimum amount needed in most months in 2016 – sometimes twice what was needed. So – I don't think MBNA could've been expected to see warning signs. It looks like Mrs M borrowed a lot more money from other lenders over 2016, as her total debts increased by about £14000. So – that's when her problems seem to have got worse. And – during this time, her debt with MBNA wasn't changed – as they'd declined to increase her limits.

Mrs M told us that her circumstances changed in late 2015 – as she gave birth to a son and went on a year's maternity leave. When she returned to work, it was in a lower paid job – but I can't see that she advised MBNA of this. So, they couldn't be expected to do anything about that.

I also see that MBNA declined to increase Mrs M's limit on seven occasions – when she requested to borrow more money. This tends to show that they were acting responsibly. Also

– Mrs M was asking for the increases in her limits as opposed to MBNA offering to lend her more money - so it's only fair that she should also bear some responsibility for her debts.

I can see that Mrs M now has a lot of debt, which is going to be difficult to repay in a short period of time and based on what she's told us about her circumstances. I sympathise with the situation she's now in. But, based on what I've seen, I don't think MBNA acted irresponsibly, and I won't be asking them to do anymore here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 July 2021.

Martin Lord  
**Ombudsman**