

## **The complaint**

Mr D complains that MBNA Limited irresponsibly allowed him to open a credit card account that was unaffordable.

## **What happened**

Mr D says he applied for the credit card account in April 2019 and £1,500 was transferred from that account to his current account. He says MBNA shouldn't have accepted his application as it should have been clear he was in financial difficulties. Mr D says he had a number of short-term loans and other high cost loans as well as two other credit card accounts. He says he had missed payments leading up to the MBNA application and had taken out about 12 payday loans in the last 12 months. Mr D would like the balance he owes written off and any adverse information removed from his credit file.

MBNA says it carried out appropriate checks on the application and says Mr D applied for the money transfers after the account was opened with a credit limit of £1,500. It says it credit scored the application and says Mr D declared an income of just under £30,000. And its checks showed unsecured debt of about £20,000 and disposable income of £871, as Mr D lived at home with his parents.

Mr D brought his complaint to us and our investigator upheld the complaint. The investigator thought the balances in Mr D's bank accounts were over the overdraft limits and he had taken out four short term loans in the previous 12 months. The investigator thought MBNA ought to have carried out further checks which would have shown a number of gambling transactions. The investigator recommended MBNA refund the interest and charges as well as remove adverse information from Mr D's credit file.

Mr D accepts that view but would have liked the balance written off.

MBNA doesn't accept that view and says it doesn't have access to Mr D's bank statements and says its searches showed no new accounts in the three months before the account was opened. And no other credit card debts. It says its checks showed Mr D had a low debt risk and there was no adverse information on Mr D's credit file.

## **My provisional decision**

I issued a provisional decision on this complaint.

I considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint and I came to the provisional view that MBNA had not made a mistake or acted unfairly by approving Mr D's credit card account.

I explained that lenders and credit providers should carry out reasonable and proportionate checks on any application for credit or borrowing. I said those checks will of course vary depending on the type and amount of lending. This complaint is about a credit facility rather than for example a loan. I said I also looked carefully at the information Mr D gave MBNA and the checks it carried out.

I could see that Mr D had an income of just under £30,000 and was in full time employment. I could also see from MBNA's records that it credit scored the application and carried out credit checks. Those checks showed that Mr D didn't have any adverse information recorded on his credit file such as County Court Judgements, missed payments or any recent defaults. I was satisfied that MBNA calculated Mr D's debt risk and took into account that on the face of it he had a disposable income of over £870 a month.

So, I thought on balance MBNA did carry out reasonable and proportionate checks on Mr D's application and that on the face of it the lending facility was affordable. I also thought MBNA approved a relatively modest credit limit of £1,500. I appreciated Mr D says MBNA ought to have looked at his bank account statements. But I was satisfied that MBNA wouldn't have access to those statements unless Mr D gave them to it. And I didn't think it reasonable to have expected MBNA to have asked to see them when I made clear that it carried out appropriate checks on the application.

I looked at Mr D's bank statements and could see that Mr D was making a number of gambling transactions. I accepted that was Mr D's choice, but I also thought it likely that it was the gambling transactions that led to the financial difficulties. And I didn't think MBNA could have known about them or taken them into account unless Mr D told it about them. I accepted that Mr D has provided screenshots of his credit file that shows he took out short term loans, but I also accepted MBNA took into account Mr D's loans when assessing the account affordability. And I made clear that my provisional view was that the lending was on the face of it affordable based on Mr D's income and expenditure, but that MBNA would have been unaware of the additional gambling expenditure.

I said I would look at Mr D's credit file in detail if he provided a full copy of it before my final decision as well as information about the other credit card accounts, he says he had.

Overall my provisional view was that MBNA carried out reasonable and proportionate checks on Mr D's credit card application. And that it was entitled to consider his income and the lack of any adverse information on his credit file before deciding the lending facility was affordable. I also made clear to Mr D that even if I thought the lending was unaffordable, then I would not have ordered MBNA to write off the balance as he had the benefit of that money.

Mr D doesn't accept my provisional decision and has provided a copy of his credit file. He questions why a credit card application would have less stringent checks than a loan.

### **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 I have come to the same overall view that I reached in my provisional decision and for the same reasons.

I have looked carefully at Mr D's credit file and I'm satisfied that it doesn't contain such adverse information that would have meant MBNA's lending was irresponsible or unaffordable. I can see that Mr D had a loan that was managed appropriately and other agreements that he made required payments on.

I appreciate Mr D questions the level of MBNA's checks. I have made clear that I'm satisfied MBNA did carry out reasonable and proportionate checks and that this was a credit facility

for a modest amount rather than for example a mortgage application in which a lender would normally want to look at bank account statements.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 August 2021.

David Singh  
**Ombudsman**