

The complaint

Mr T complained that MBNA Limited reported missed payments on his accounts with them despite COVID payment deferrals being agreed. This resulted in adverse information reported on his credit file.

What happened

Mr T had two credit card accounts with MBNA. His earnings stopped as a result of the impact of the global pandemic. So, he called MBNA on 23 March 2020 to explain his situation.

MBNA agreed to provide breathing space for a period of 30 days for both of his accounts. They said no interest or charges would be applied during this time. MBNA also said Mr T wouldn't have to make his contractual payments during this period. They asked Mr T to call them again by 21 April 2020 to review the situation.

Mr T said he completed a form online for a payment break due to the global pandemic. He said his application was successful. But he was later contacted by MBNA and told he'd missed two payments. Mr T said MBNA recorded the missed payments on his credit file which impacted his ability to secure further credit.

Mr T called MBNA to complain in June 2020. He told them he'd applied for a payment deferral online. He said they hadn't properly explained the breathing space they provided or the payment deferral option. As a result, his account fell into arrears and this impacted on his credit file with the credit reference agencies. He told MBNA this had caused him distress and inconvenience. He wanted them to apply the payment deferral and remove the adverse information from his credit file.

MBNA didn't agree they'd done anything wrong. They had no record he'd applied for a payment deferral. They told Mr T that because his accounts were now already in arrears, he no longer qualified for support under the payment deferral scheme. Mr T wasn't happy with MBNA's response to his complaint. So, he decided to refer matters to this service.

One of our adjudicator's looked into the circumstances of Mr T's complaint. She couldn't see any evidence that Mr T had applied to MBNA for a payment deferral. She asked Mr T to provide evidence confirming his application and acceptance. But unfortunately, this wasn't available. So, our adjudicator thought MBNA hadn't made a mistake or acted unfairly here.

Mr T didn't agree with our adjudicator's findings. He said he was unaware of the difference between breathing space and a payment deferral as nobody had explained this. He said his first contact was made online completing a payment deferral form which now appears to have gone missing. He asked for his complaint to be referred to an ombudsman for a final decision.

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.

The Financial Conduct Authority (FCA) issued guidance to lenders on 2 April 2020 which explained what it expected from businesses during the exceptional circumstances arising out of the global pandemic. It provided guidance asking businesses to consider payment deferrals of up to three months under regulated credit agreements.

The FCA said their guidance applied where consumers were already experiencing or reasonably expect to experience temporary payment difficulties as a result of the pandemic. The FCA also said that *"firms should ensure that there is no negative impact on the consumer's credit file because of the payment deferral"*.

Mr T's first approach to MBNA predated the FCA's guidance. So, MBNA's agreement to provide 30 days breathing space didn't fall under the deferral scheme introduced within the FCA's guidance.

I've listened to a recording of Mr T's call to MBNA at that time. Mr T made it clear that he had difficulty meeting his credit card payments as a direct consequence of the impacts of global pandemic. MBNA explained they'd provide 30 days breathing space and review the situation again on expiry. They told Mr T that no interest or charges would be incurred during that period and made it clear that Mr T must contact them again at the end of the 30 days.

MBNA suggested he cancel his payment direct debit. But they also told him that any missed payment would still be due, and the arrears may impact his credit file. So, I think it's very clear that Mr T needed to contact MBNA again to update them. I haven't found anything to suggest he did that.

Mr T said he applied for a payment deferral by completing an online form – which he said was successful. But he's not been able to provide anything to support this. MBNA have provided details of all their file notes and records relating to the period concerned. They've confirmed there's no record of an application from Mr T. I've not found anything to contradict this.

So, while I accept Mr T believes he applied for a payment deferral, I can't reasonably conclude that this was successfully completed or confirmed by MBNA.

Mr T told our adjudicator he was unaware of the difference between breathing space and a payment deferral. He said no one explained this to him. Having listened to the call recording, I believe MBNA made it very clear he needed to call them back within 30 days. Mr T also told our adjudicator that his *"first contact"* with MBNA *"was online filling out the holiday payments form..."*. MBNA's records show that his call of 23 March 2020 was his first contact. This predated the FCA's guidance. So, a payment deferral application wouldn't have been available.

I appreciate that Mr T's financial circumstances were impacted by the effects of the global pandemic. By contacting MBNA, he did the right thing to ensure they could support him. But having not contacted them again, as agreed, MBNA wouldn't reasonably have been aware of his circumstances once the 30 days had expired. Had he contacted them; MBNA would've been able to consider providing a payment deferral under the FCA's guidance.

While I appreciate Mr T will be disappointed, I can't reasonably say that MBNA did anything wrong or treated Mr T unfairly here. So, I shan't be asking them to do anything more.

My final decision

For the reasons set out above, I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 February 2022.

Dave Morgan
Ombudsman