

The complaint

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

What happened

Mr G says he opened the MBNA credit card account in 2019 and it didn't carry out appropriate checks on his application. He says he was in significant debt and by March 2021 that amounted to about £43,000. Mr G says he would like the debt written off and interest refunded back to him. He says the debt has caused him stress.

MBNA says Mr G applied for the account in 2019 taking advantage of a zero percent offer. It says he declared an income of £29,000 and it carried out checks on his credit file which didn't show any adverse information. It also says it checked Mr G's debt and carried out affordability checks and approved a credit limit of £5,800. MBNA says Mr G told it some time after the account was opened in 2021 that he had financial problems caused by a downturn in his business.

Mr G brought his complaint to us and our investigator didn't uphold it. The investigator thought MBNA carried out appropriate checks on the application and on Mr G's credit file which did not show any concerns. The investigator thought MBNA refused two applications by Mr G to increase the credit limit and that the financial problems took place some years after the account was opened caused by the downturn in Mr G's business.

Mr G doesn't accept that view and says MBNA should have checked his tax return which would have shown an income about the same as the credit limit of £5,800. He accepts he had the benefit of the money and will repay the debt if MBNA removes interest. Mr G also says the application was pre-filled and accepted before he had a chance to check the information.

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 overall view that I don't uphold this complaint. I appreciate Mr G will be disappointed by my decision. I also make clear that if Mr G wishes to make an offer to MBNA about the debt then he will need to speak to it.

Lenders and credit providers should carry out reasonable and proportionate checks on any lending or credit application. Those checks will of course vary depending on the amount and type of the lending. This was an application for a credit facility rather than for example a loan or mortgage and so I wouldn't have expected MBNA's checks to have been as detailed as for that type of lending. But of course, appropriate checks must still be carried out.

I appreciate Mr G says the original application was pre-filled and he didn't have a chance to check it. But I'm satisfied that it was Mr G's responsibility to make sure the information was

correct and accurate. I also think it unlikely that an application could be submitted without an opportunity to check it and that it's likely Mr G would have completed parts of the application himself. I also appreciate Mr G says his income was overstated. But I'm satisfied he would have submitted that information and that it would not be appropriate or reasonable for MBNA to check an applicant's tax history. I also think it unlikely that MBNA would be allowed to do so without express permission from Mr G.

I can see from MBNA's records that it did check Mr G's credit file which didn't show any adverse information and that it did carry out affordability checks on the application which Mr G comfortably passed. So, I'm satisfied MBNA did carry out reasonable and proportionate checks on Mr G's application and that the approval of the account was not irresponsible or on the face of it unaffordable. I appreciate Mr G says by March 2021 his debt had increased to over £40,000 but I have to consider the levels in 2019 when the account was opened and can see his debt was well under half that amount.

I can also see that in 2021 Mr G told MBNA that his business had suffered due to the global issues. I think it was those issues that led to Mr G's financial problems rather than the original decision to allow this account to be opened. I think that there is further evidence of that in that Mr G managed his MBNA account appropriately for some time after it was opened.

Overall, I'm satisfied MBNA did carry out reasonable and proportionate checks on this application. It follows that I can't fairly order MBNA to refund any charges or interest which I think were applied in line with agreed account terms and conditions.

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 G to accept or reject my decision before 20 February 2022.

David Singh
Ombudsman