

## **The complaint**

Mr C complains that MBNA Limited has not provided tailored support when he was in financial difficulties.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I will focus on the reasons for my 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 crux of this complaint as I understand it is that Mr C feels Santander have not followed guidance from the Financial Conduct Authority (FCA) about providing tailored support for financial difficulties caused by COVID-19.

Mr C was unable to work during the pandemic and due to him being self-employed, was not eligible for support under the furlough scheme. As a result, he struggled to meet his monthly repayments for his two MBNA credit card accounts.

He was granted a three-month payment deferral for both accounts in April 2020. The payment deferral meant that Mr C did not have to make any payments to his credit card accounts during that time and this would not be reported on his credit file. However, interest would continue to accrue on the accounts. At that time, he was unable to work due to the pandemic and had no indication of when he would go back to work, and he was eligible for the payment deferral. And I think the short-term solution of a payment holiday at that time was reasonable in the circumstances. So, I think MBNA was correct to grant Mr C the initial three-month deferral.

This was extended for a further three months in July 2020. Again, Mr C's situation had not changed and he was unable to meet his monthly payments at the time. But it was unclear if the situation would change due to the pandemic, so I think the short-term solution of a further three-month deferral period was reasonable.

Following the payment deferral, Mr C contacted MBNA and advised he was still facing financial difficulties and could not meet his minimum repayments, which was confirmed with his income and expenditure assessment showing a negative income. So, I've considered if MBNA tried to help Mr C. I can see that they froze the interest on both accounts in November 2020 and arranged a 30 day 'breathing' space on both accounts, meaning no payment was due that month. And I can see that in January, some interest was refunded on both accounts. Looking at this, I think that MBNA did make steps to help Mr C once he contacted them and let them know he was struggling, which is what I would have expected them to do.

In MBNA's final response letter issued in November 2020 they state that the short-term

options have been exhausted and they now need to move to long term financial difficulty solutions for Mr C. They confirm that no interest will be charged on the account but that missed payments will need to be recorded on Mr C's credit file and there was a possibility the accounts could default if Mr C continued not to meet his contractual payments.

I can see the accounts did eventually default in May 2021 due to Mr C missing payments and that he was sent notices of default for both accounts prior to this. Mr C was unhappy with this and wanted his payments to be frozen, no interest charged and for this not to affect his credit file as his situation was still being affected by the pandemic. Meaning he essentially wanted a further extension of the payment holiday. He said that MBNA were not following the FCA's tailored support guidance by not continuing to offer a payment holiday.

The FCA'S tailored support guidance states that the maximum time payment deferrals can be provided which would not affect credit files is 6 months. Following that, further payment deferrals could be provided by lenders, but these would need to be reported on credit files in accordance with usual reporting processes. So I think that MBNA's offer to freeze interest and charges on Mr C's credit card accounts and accept no payments, with the understanding missed payments would still be reported to the credit referencing agencies is fair and in line with the tailored support guidance set out by the FCA. It follows that I think MBNA acted reasonably when they defaulted Mr C's credit card accounts following non-payment in May 2021.

In summary, I think MBNA have acted fairly in the circumstances and I don't think they have made an error.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 January 2023.

Rebecca Norris  
**Ombudsman**