

## **The complaint**

Mrs M complains about the customer service provided by MBNA Limited ("MBNA") when money was paid into her credit card account in error.

## **What happened**

Mrs M had a credit card provided by MBNA. In July 2022, she noted that an amount had been paid into her credit card account even though the money wasn't owed to her. She called MBNA on three occasions in early August 2022 to ask for her account to be closed and to ask for the money to be returned to its owner as it didn't belong to her. On one of these calls, MBNA said Mrs M could keep the money as it was a credit on her account. But she again told MBNA that the money wasn't hers.

Ten days after the third call, Mrs M called MBNA again to try to close the account. During this call, MBNA said that it had made the decision to pay the credit balance into her current account. She again told MBNA that the money wasn't hers, but it said it had authorisation from management to transfer the money to her. MBNA said that the card account would be closed with no further action required from Mrs M. She asked MBNA for confirmation of the closure and the money transfer to be put in writing, but she never received confirmation of the transfer from MBNA. The following day, Mrs M spent a portion of the money transferred to her current account.

Four days later, she checked her card account to see if it was closed and saw that her account was in debt. Mrs M called MBNA to discuss the matter and it admitted it had made a mistake in paying her the money here.

Mrs M was worried that MBNA's error will affect her credit file. She said that the situation had been very stressful and affected her health and she couldn't afford to pay back part of the debt to MBNA. She would like the account closed and the debt waived.

In its final response letter, MBNA accepted its error and offered to pay Mrs M £200 compensation for the distress caused. MBNA also asked Mrs M to repay the outstanding debt.

In November 2022, MBNA also offered to waive interest on the debt shortfall until Mrs M had repaid it and it said that no interest and charges had been applied to the account. It would amend Mrs M's credit file when the debt had been repaid.

Mrs M said that as she had spent some of the original credit balance, there was a shortfall. But she had already repaid MBNA a sizable portion of the money.

The investigator concluded that MBNA's offer of £200 compensation in its final response letter and its subsequent offer in November 2022 were reasonable. She noted that MBNA had said that Mrs M needed to repay the debt and she thought this was fair as the money wasn't her money in the first place.

Mrs M disagreed. She said that this situation had caused her great stress and anxiety for the past few months, and she had ended up in debt because of MBNA's actions. She had paid

MBNA a fair portion of the money and she thought it only fair that payment of the remaining amount should be waived by the lender instead of its offer to pay £200 compensation. Mrs M was also concerned that the investigator hadn't listened to the recordings of calls between her and MBNA.

As this complaint hasn't been resolved informally, it has been passed to me, as an ombudsman, to review and resolve.

### **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.

I am sorry to hear about the difficulties Mrs M experienced here. I can see how strongly she feels about the issues raised in this complaint. I note that MBNA accepts that it made the payment to Mrs M in error. So, my role here is to assess whether I think MBNA should do more to compensate Mrs M than the offer it has already made her.

In setting out the circumstances of this case above, I've concentrated on what I think are the key issues. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every detail to be able to reach what I consider a fair outcome.

I asked the investigator to ask MBNA for recordings of the four calls between Mrs M and MBNA in August 2022 which I've listened to. I can see that these lasted around 65 minutes in total, although I expect Mrs M would also have had to wait some time for her calls to be answered before the recordings began. I set out below a summary of the calls.

#### ***1 August 2022***

Mrs M told MBNA that she'd noticed a credit payment on her account which must have been made by mistake. MBNA said it would find out what to do with the payment. Mrs M said she was happy for the payment to be returned to the sender. MBNA said it would be sorted in two working days and Mrs M would be left with a nil balance after that.

#### ***4 August 2022***

Mrs M was put through to MBNA's staff member after one of MBNA's staff had said they would transfer the credit balance to her. The second staff member said she'd find out where the money had come from. Mrs M said she had checked all her accounts but couldn't find the source of the payment. MBNA said it was possible that the sender had typed in the wrong account number so they should wait to see if the payment would be recalled. Mrs M should wait a couple of days whilst MBNA investigated.

#### ***8 August 2022***

Mrs M wants to close the account. MBNA told Mrs M that the account could be closed after someone contacted it to say that the credit balance belonged to them. Mrs M wants to know how it could have happened.

#### ***18 August 2022***

Mrs M rings in to close her account. She's concerned how the money has got into her account. MBNA's staff member, after speaking to a manager, says that they don't want Mrs M to keep having to call in and going round in circles. MBNA would pay the credit balance to Mrs M's current account to get the card account closed. It told Mrs M that nothing bad was going to happen. Mrs M reminded MBNA on at least two occasions that the money didn't belong to her. She asked for a letter confirming the account closure and the transfer of the money to be sent to her which MBNA agreed to do.

I think it's clear from the above calls that Mrs M was concerned as to how the payment reached her account and that she wanted the money to be sent to its rightful owner and repeated this several times to MBNA. She was also keen for the account to be closed.

I think MBNA provided some inaccurate information to Mrs M about the time it would take to investigate the matter, its assurance that nothing bad would happen and in its failure to provide Mrs M with a letter to confirm the transfer being made to her current account which she'd requested. MBNA didn't resolve the credit balance on Mrs M's card account (by paying the money to her current account) for 17 days. So, I can see that Mrs M would have been concerned over that period.

I note that Mrs M spent some of the money she'd received from MBNA after the call on 18 August 2022. I think she would have been reassured by MBNA in that call that it was treating the money as hers. So, I think Mrs M acted reasonably in spending some of the money at that stage.

Four days later Mrs M checked to see if the card account had been closed. I think she would have been very concerned to see that her account was no longer showing a nil balance and that the account had been debited with an amount around the size of the original balance credited to her in error. Mrs M phoned MBNA to complain. She then received its final response letter asking her to repay the debt. I can understand that this would have worried Mrs M as she had spent some of the money she'd received from MBNA and wasn't in a position to repay the whole amount to it.

I can see that Mrs M has been inconvenienced by having to make at least five phone calls to MBNA over several weeks in August 2022 and that she'd experienced worry over this period. I can see she would then have been distressed to be told she owed MBNA money which she didn't have.

I think that as a result of MBNA's actions, Mrs M has suffered distress and inconvenience and MBNA should compensate her for this.

Having carefully thought about everything and paying attention to Mrs M's submissions on why the compensation award should be higher, I thought it would be appropriate for MBNA to pay Mrs M £250 compensation (instead of the £200 compensation already offered) and to take the actions it offered to take in November 2022 regarding the waiver of interest and amending Mrs M's credit file. I asked the investigator to contact MBNA and Mrs M and to ask for their comments on this.

Mrs M responded to say that she agreed to compensation of £250 and that this could be credited to her card account. She also said that MBNA had been charging her interest on the account which she had been paying along with keeping up with regular payments. She assumed that MBNA would reimburse or credit these interest charges back on to the account. She was happy for the interest refund to be credited to her card account.

MBNA responded to say that it agreed to pay Mrs M £250 compensation in full and final settlement of this complaint. Whilst it had waived interest for three months up to and including November 2022, it would also refund the interest paid from December 2022 to 23 January 2023 as a gesture of goodwill. Once there was a nil balance, it would close the account.

I was concerned that although MBNA had agreed to pay compensation of £250, it appeared from its response that it was no longer agreeing to waive the interest on the shortfall which it had agreed to do in a call with the investigator on 21 November 2022. This was also

reflected in the investigator's view. MBNA also said in that call that no interest and charges had been applied and that once the balance had been repaid, it would amend Mrs M's credit file.

In these circumstances, I asked the investigator to contact MBNA again to ask for confirmation that no interest would be charged on the outstanding balance and that it would amend Mrs M's credit file to remove all adverse information once the balance had been repaid. MBNA has responded to provide this confirmation.

As both parties have agreed my thoughts on what would be an appropriate outcome here, it follows that I uphold this complaint in part and require MBNA to take the following steps.

### **Putting things right – what MBNA needs to do**

MBNA should put things right for Mrs M as follows:-

1. Credit Mrs M's card account with £250 compensation;
2. Credit Mrs M's card account with interest paid by Mrs M on the shortfall that hasn't already been refunded;
3. Waive the payment of interest on the shortfall going forward; and
4. Remove any adverse entries (resulting from the shortfall) from Mrs M's credit file upon repayment of the shortfall.

### **My final decision**

My decision is that I uphold this complaint in part. In full and final settlement of this complaint, I order MBNA Limited to put things right as I've set out above under the heading "Putting things right – what MBNA needs to do".

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 6 March 2023.

Roslyn Rawson  
**Ombudsman**