

The complaint

Mr C complains MBNA Limited (MBNA) unfairly declined his loan application having previously agreed to it.

What happened

Mr C says he applied for a loan with MBNA in February 2023 and received a loan agreement which he signed and sent back to MBNA. Mr C says he was then asked to provide further identification via an online link, which he did and the following day he was informed his loan request had been unsuccessful.

Mr C says he can't understand how MBNA could provide a loan agreement and then withdraw the offer without any explanation. Mr C says this matter has caused him stress and worry and he now has a lack of confidence as a result of this and wants MBNA to compensate him for that.

MBNA says although the loan was offered to Mr C further checks were carried out and unfortunately Mr C's application didn't meet its lending criteria.

Mr C wasn't happy with MBNA's response and referred the matter to this service.

The investigator looked at all of the available information and partially upheld the complaint. The investigator felt while MBNA were within its rights to refuse the loan, the level of communication throughout the process could have been better. The investigator says he understood why Mr C was left confused and distressed and asked MBNA to pay him £75 by way of compensation.

MBNA agreed to pay the £75 in compensation, but Mr C didn't feel this was sufficient and asked for the matter 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.

Having done so, I will also be partially upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been upsetting for Mr C to have signed and returned a loan agreement to MBNA, only to be informed his loan application had been declined. When looking at this complaint I will consider if MBNA acted reasonably when it declined Mr C's loan application, having already issued a loan agreement to him.

Mr C's complaint centres around the fact despite him receiving a formal loan agreement from MBNA, it subsequently withdrew this without a full explanation why.

Without trying to minimise the frustration and upset this would have undoubtedly caused Mr C, I'm not fully persuaded that MBNA are at fault here. I say this because although I can see

Mr C did return the signed loan agreement, by his own admission and as detailed in section 2 of the loan agreement, it does state that further satisfactory identification checks would need to be carried out and if this didn't meet MBNA's needs, the loan agreement could be withdrawn.

I understand Mr C wants a fuller explanation as to why the loan agreement was withdrawn at this stage, as explained by the investigator, and while he may not agree it's not the role of this service to tell banks like MBNA it must do so – after all this is business sensitive information and all banks will apply different criteria from time to time.

This doesn't mean that Mr C is necessarily a poor credit risk, simply that he didn't meet MBNA's individual criteria following its final identification checks - this is underlined to some extent by the fact I understand Mr C did obtain finance elsewhere.

That's not to say Mr C wasn't inconvenienced here, he was, and MBNA could have provided better communication at the time the loan was withdrawn. I am satisfied, although this would have been frustrating for Mr C here, the recommendation by the investigator of a £75 compensation payment is fair in the circumstances of this complaint.

While Mr C will be disappointed with my decision, I feel this is a fair outcome here.

Putting things right

I instruct MBNA Limited to pay Mr C £75 for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct MBNA Limited to pay Mr C £75 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 November 2023.

Barry White
Ombudsman