

The complaint

Miss T says that MBNA Limited (who I'll call MBNA) were unreasonable to default her credit card account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my 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.

I know it will disappoint Miss T, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. Miss T was more than three months in arrears when MBNA defaulted her account, and she had failed to make any payments towards the payment plan she had arranged with them.

When a consumer is in financial difficulty, as Miss T has explained she was, we would expect the business to be sympathetic and supportive. Miss T has also explained that she was admitted to hospital and gave birth during the period when her payment on her plan was due. I think MBNA have been sympathetic and supportive here as I can see they tried to help Miss T by reviewing her income and expenditure, freezing interest, and by agreeing a payment plan. While I understand it may have been difficult for Miss T to arrange payments I think she had adequate time to do so, or to contact MBNA and explain the circumstances.

MBNA issued a default notice in December 2022 and although they subsequently agreed a payment plan with Miss T she didn't make any payments towards her account. In those circumstances, I don't think MBNA needed to send a further default notice when the payment plan wasn't adhered to. And, even if I'm wrong about that, it's clear Miss T knew she had significant arrears on the account, she hadn't paid anything towards it since August 2022 and I think it's likely she wasn't in a financial position to pay. In those circumstances, it seems the default of the account was inevitable.

I don't think MBNA were, therefore, wrong or unreasonable to default the account.

MBNA have an obligation to report accurate information to the credit reference agencies about consumer's accounts. So, I don't think they were wrong to *report* the default either.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 16 February 2024.

Phillip McMahon
Ombudsman