

The complaint

Mr C has complained that MBNA Limited ("MBNA") closed his credit card account by mistake.

To rectify the mistake Mr C would like MBNA to reopen his credit card account and reinstate his credit limit.

What happened

In February 2023 MBNA wrote to Mr C to say that, as he'd not used his credit card for some time, it would close his account in May 2023. The letter explained that if Mr C wanted to keep his credit card account open, he needed to either use the card for a transaction, or alternatively call MBNA.

Mr C contacted MBNA to say he wanted to keep his account open. However, MBNA made a mistake and closed the account.

Mr C complained to MBNA. It agreed it'd made a mistake and offered to pay Mr C £150 compensation but said as the account had been closed for more than 30 days it was unable to reopen the account.

Unhappy with this, Mr C referred his complaint to this service. One of our investigators assessed the complaint and they thought that what MBNA offered was fair.

Mr C disagreed with this, and so the matter was referred for an ombudsman's 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 reviewed everything, I agree that the redress offered by MBNA was reasonable. I will explain why.

In this case it's not in dispute that MBNA made a mistake. It says that Mr C's credit card was closed in error. But also says that as the account had been closed for more than 30 days, it was unable to reopen the account.

In the circumstances, I can see why Mr C was unhappy with MBNA – after all he'd called MBNA so that he could keep his account, but due to an error, his account was still closed. Given what happened and bearing in mind that he'd not used the credit card since 2019, I think MBNA's offer to pay him £150 compensation is reasonable. That fairly compensates him for the shock of finding that his account was closed and the inconvenience of him needing to contact MBNA to put things right.

However, MBNA has said that if Mr C still wants a credit card account with MBNA, he will need to apply for a new credit card. In my view, asking Mr C to apply for a new credit card is not an unreasonable step for Mr C to take, to regain an MBNA credit card.

I understand that a part of why Mr C wants his existing credit card to be reopened was because he had a sizable credit limit of around £16,000 before. I can see why he'd be unhappy that he has now potentially lost out on this level of credit that he'd otherwise have, were it not for MBNA's mistake here.

I've considered all that Mr C has said about this – but I've also considered MBNA's position here, as I have to when making an independent and impartial decision. MBNA should act as a responsible lender when providing credit to customers and potential customers. So it needs to perform reasonable and proportionate checks before providing lending and it's also entitled to review the credit limits that existing customers have too.

Here, Mr C's account has been closed and in order to reopen it, he'll need to reapply for a new card. That is inconvenient for Mr C, which it's fair that MBNA compensates him for. But MBNA has said it needs to do this because it is essentially providing new lending here. In any event, MBNA would always have been entitled to have reviewed Mr C's existing credit limits anyway – which viewed in one way – it could be said to be doing here.

So, in the circumstances, whilst I have some sympathy for Mr C, at the same time I don't think it is unreasonable to expect Mr C to apply for a new credit card to replace the one that was closed in error. I say this especially as it's clear that Mr C had not used the card in question for a number of years, and even if MBNA had reopened his existing account, there is no guarantee that the credit limit could not be changed in the future.

As a final point, if Mr C still wants to explore how much of a credit limit MBNA may be willing to provide him on a new card, MBNA's website provides a 'Clever Check' service. If Mr C uses this service, MBNA says it will provide an estimated credit limit, but it won't affect his credit score and will only leave a 'soft search' on his credit file – which it says is not visible to other lenders.

Putting things right

To put matters right, MBNA Limited should pay Mr C £150 for the distress and inconvenience caused in closing his credit card in error.

My final decision

Because of the reasons given above, I uphold this complaint and require MBNA Limited to do what I have outlined above, to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 April 2024.

Thomas White
Ombudsman