

The complaint

Ms A complains that MBNA Limited ('MBNA Limited') irresponsibly gave two credit card accounts that she couldn't afford.

What happened

On 12 January 1999, Ms A applied for a credit card account with MBNA Limited. The account opened on 2 February 1999.

On 29 March 2004 Ms A applied for another credit card account with MBNA Limited. The account opened on 7 April 2004.

There is limited information available about these accounts.

In 2023, Ms A complained to MBNA Limited to say that the accounts shouldn't have been opened for her because they weren't affordable and that MBNA Limited ought to have made a better effort to understand her financial circumstances before providing her with credit. MBNA Limited disagreed and so Ms A brought her complaint to this service.

Our investigator did not think the complaint should be upheld. Ms A disagreed. So, the complaint has been passed to an ombudsman for a review.

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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

MBNA Limited will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Ms A's complaint is that MBNA Limited made credit available that was unaffordable. MBNA Limited has explained that it relied in part on information that Ms A provided at the time of application to assess affordability. They said they carried out credit searches in Ms A's name to assess Ms A's level of debt at the times of each lending decision and to understand how she had been managing that debt. With that information and using their own scoring metric, MBNA Limited decided to agree to the two accounts and some increases to the credit limit.

But the cards were taken out a long time ago and the accounts have been closed for a long time. So, it's maybe not surprising that there is little to no information available about these two accounts.

MBNA Limited told us,

"We only have information relating to card (one) remaining on our records and this only confirms that the account was closed to our Recoveries team in November 2011.

When we search for card (two), there is no information held on our records relating to this card. On that basis, it is reasonable to assume that this card was closed prior to 2011 and the card above and all the information relating to it no longer remains on our system to confirm the date it was closed.

Any letters Ms A would received at the time relating to default notices, arrears etc are also no longer held on our records."

It is not straightforward trying to determine affordability because Ms A has not been able to provide details of her credit history reaching back to the times the accounts started, as credit reference agencies usually only carry information reaching back six years. And Ms A has not been able to provide bank statements from those times. So, I have no way of knowing the volume of any credit Ms A may have had or how Ms A was managing any existing credit she had at the time the lending decisions were made.

So, we have little information about the accounts. We do know that before it closed one of the accounts had a credit limit of £3,300 and had a modest level of use. We also know that at application for the first card Ms A declared an income that was not modest. And that when the second card was applied for, that income had doubled and was far from modest.

So, I have seen insufficient evidence that the initial credit and the subsequent increases to the credit limits were anything other than reasonable.

Ms A has explained that she had a gambling habit at the time. But I have seen no evidence that Ms A told MBNA Limited about her gambling habit. I have to look at the information that was available to MBNA Limited at the time it made their lending decisions and not to use hindsight. I have seen no evidence that MBNA Limited was made aware of the habit at the time the credit cards were applied for or running. And I have seen insufficient evidence that the other information that MBNA Limited acquired or had presented to it at the time of the lending decisions, would have led them to think that they were remiss in not checking Ms A's finances more closely.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Ms A to the contrary, I have seen insufficient evidence to think that the credit MBNA Limited provided to Ms A was unreasonable.

I know that Ms A will be disappointed with my decision, in itself and because she has invested time and energy in pursuing her complaint. But I want Ms A to know that I considered all the submissions made in this case. And having considered all the submissions in this case, particularly those concerning the time of the lending decisions, I have not found sufficient evidence to uphold this complaint.

Ms A has also mentioned that she thinks the card in 2004 was taken out without her consent as she didn't sign the application form. This is a complaint point that has not yet been made to MBNA Limited. That's important as the complaint point is different in nature to that of

unaffordable lending. This complaint about Ms A's consent having been denied is something that MBNA Limited have the right to consider before this service opines on the subject. As such, that matter is not something I will comment on further in this decision.

My final decision

For the reasons given above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 21 February 2024.

Douglas Sayers
Ombudsman