

The complaint

Mr M complains that MBNA Limited allowed him to make cash withdrawals totalling £1750 on his credit card.

What happened

Mr M held a credit card with MBNA. He's unhappy that he was allowed to make cash withdrawals totalling £1750 in February 2023.

Mr M complained to MBNA. He said he'd notified them of his financial difficulties in December 2022 and felt that the business had been irresponsible for allowing him to make the cash withdrawals.

MBNA didn't uphold the complaint. It said that Mr M was able to use 100% of his credit limit for cash withdrawals and cash like transactions. It said the daily limit for cash withdrawals was £500 and that because it hadn't allowed Mr M to exceed the maximum per day limit, it hadn't made an error.

Mr M remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said the credit limit on Mr M's card was £12,400 and the terms and conditions imposed a daily cash withdrawal limit of £500. The investigator said that based on Mr M's pattern of using the account, this wasn't something that the business ought to have picked up on.

Mr M didn't agree. He said that prior to making the cash withdrawals, he'd contacted MBNA to advise it that he was in financial difficulties. He felt that MBNA had been negligent in allowing him to make cash withdrawals.

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.

Our approach to complaints about unaffordable and irresponsible lending including the relevant rules, guidance and good industry practice are set out on our website.

MBNA needed to take reasonable steps to ensure that it didn't lend irresponsibly. This service has already issued a final decision in relation to the credit limit increases and cash withdrawals prior to November 2022. In this decision I'll only be looking at the cash withdrawals made in February 2023. MBNA has confirmed that Mr M called them in December 2022 to say that he was in financial difficulty.

I've thought about whether MBNA made an error in allowing Mr M to make the cash withdrawals in February 2023. The credit limit on Mr M's account at that time was £12,400. The terms and conditions of the account allow the account holder to use 100% of the credit limit for cash withdrawals. The limit for cash withdrawals is £500 per day.

I've reviewed the statements for the account. Mr M didn't withdraw more than £500 cash on any day, so I'm unable to say that MBNA allowed him to withdraw more than he should have done.

The statements also show that Mr M wasn't behind with his payments at the time he made the cash withdrawals. There were no arrears on the account. The cash withdrawals didn't cause Mr M to exceed the credit limit. In fact, the balance on the account after the cash withdrawals was well within the credit limit.

I've thought about whether there was anything about Mr M's cash withdrawal which ought to have given MBNA cause for concern. I appreciate that Mr M had told MBNA that he was in financial difficulties in December 2022. However, because Mr M's payments were up to date at the time when the cash withdrawals were made around two months later, I don't think it was necessary for MBNA to have taken steps to restrict Mr M's use of the card.

I've thought about whether the cash withdrawals were so unusual that this of itself ought to have alerted MBNA that something was going on. However, having reviewed Mr M's account, I can see that he regularly made cash withdrawals. For instance, Mr M made cash withdrawals totalling £3220 between September 2022 and November 2022. Based on what I've seen, I don't think the cash withdrawals in February 2023 can be said to be an unusual spending pattern.

Taking everything into consideration, I'm unable to say that MBNA acted irresponsibly by allowing Mr M to make the cash withdrawals.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 9 May 2024.

Emma Davy
Ombudsman