

## **The complaint**

Mr P complains that MBNA Limited delayed refunding fraudulent transactions and incorrectly pursued him for a debt.

## **What happened**

Mr P informed MBNA that several transactions on his credit card in July 2022 were not authorised by him – he says he explained this over the phone and in writing, but that MBNA didn't reimburse him correctly at the time.

In August 2022, Mr P calculated what he believed the outstanding balance owed by him was and sent a cheque to clear this. However, MBNA continued to pursue him for an outstanding balance.

Mr P says he received poor customer service over several months including problems speaking to MBNA on the phone and not receiving a response to his letters.

MBNA has explained that it refunded some of the payments and took steps to raise chargebacks but that some of the payments were defended by the merchants. It's also acknowledged that it missed at least one of the disputed payments when reimbursing the account. Further some of the fraud was linked to a continuous payment authority, this meant payments continued to be taken after Mr P's card was cancelled, which it then needed to re-credit to the account.

MBNA apologised to Mr P and refunded the remaining disputed transactions and associated interest. It also credited the account a total of £70 compensation before the account was closed and has sent Mr P a cheque for the credit balance.

When Mr P complained to our service, MBNA increased its offer of compensation to a total of £300. It explained that just over £20 of this was used to clear his genuine balance. MBNA has also confirmed it has amended Mr P's credit file to remove any adverse information and closed his account as requested.

The investigator thought this offer was a fair way to put matters right. Mr P didn't agree – he said he'd cleared the genuine balance himself and that the compensation wasn't enough to recognise MBNA's failings. Mr P reiterated the stress caused to him and said this had a more significant impact on him due to his age and health condition.

The matter was passed to me to consider, and I issued my provisional decision on 18 January 2024 explaining why I thought MBNA had now made a fair offer to put matters right.

MBNA confirmed it had nothing further to add, and Mr P responded that most of the matters he wanted put right had been achieved. Mr P added the following comments:

- He doesn't agree there was a remaining genuine balance but acknowledges it is a small amount that remains in dispute.

- He doesn't think the fact some of the fraudulent payments were reoccurring excuses MBNA's failings.
- He wrote to different addresses because he didn't receive a response to his letters.
- While our service is not a regulator, Mr P would like me to comment on what he thinks are systematic failings at MBNA.

### **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, including Mr P's further comments, I think the offer MBNA has made since our service's involvement is fair in the circumstances for the following reasons:

- Mr P has now received a full refund for the disputed transactions and associated interest so has not suffered a financial loss.
- MBNA has also shown that it is reporting no adverse information to credit reference agencies for the period in question and that Mr P's account has been closed in accordance with his instructions.
- This means that Mr P's initial core concerns have been put right and the outstanding issue is in relation to whether the compensation MBNA has now offered is fair in the circumstances.
- MBNA is offering a total of £300 compensation to recognise the customer service issues and the impact these had on Mr P. Some of this has already been credited to Mr P's account / sent to him and so it would mean paying him a further £230. I think this amount of compensation is fair in the circumstances and is in line with the appropriate range of awards in our published guidance, I'll explain why.
  - It isn't in dispute that Mr P informed MBNA of the disputed transactions and MBNA has acknowledged there were some mistakes in reimbursing his account causing the wrong outstanding balance to be included on his statements. I've taken into account that this issue was ongoing over a period of several months.
  - I appreciate it would have been stressful and time consuming for Mr P to be sent the wrong information about what MBNA expected him to repay, and that he took the time to call and write to MBNA in an effort to rectify this. I understand why he didn't feel listened to and that the personal factors Mr P has shared with us have affected the impact on him.
  - I don't think it was as straightforward as it may have appeared to reimburse the disputed payments given that some of the payments were defended by the merchants and a continuous payment authority had been set up. This does not, of course, mean that MBNA did nothing wrong, but it does help to explain why the amount Mr P was told was his outstanding balance varied.
  - There remains some dispute over whether any genuine balance remained on the account, but this (around £20) has been cleared by the initial compensation payment. So, I think MBNA has been pragmatic in not seeking to re-debit the

defended chargeback payments and crediting part of the compensation to the account to clear the balance owed. I haven't been provided with Mr P's calculations, so I've assessed whether I think the offer is fair based on the information available. I don't think I need to make a specific finding on this point in the circumstances, this is because if the compensation being offered were around £20 less, I would still consider it to be within the right range.

- MBNA has said that some of the letters Mr P sent appear to have gone to different addresses and therefore may not have reached the right areas internally. Mr P has confirmed this is correct, and that he was trying to prompt a response by contacting different areas. Unfortunately, this appears to have had the opposite effect. However, it is still the case that MBNA ought to have correctly amended Mr P's account following his report of fraud and kept him informed of its progress which it didn't do. I think the compensation offered reflects this.
- I understand Mr P feels MBNA's systems and administrative processes are inadequate, but our service is not a regulator and therefore it is not our role to punish firms or require changes to their systems or processes. Rather I've considered the specific facts of this complaint, and the impact on Mr P of any areas where MBNA hasn't acted as it should have to determine if the offer it's made is fair in the circumstances.

For these reasons I think the steps MBNA has taken and the compensation it's now offering Mr P is a fair way to put matters right.

### **My final decision**

My final decision is that MBNA Limited should pay Mr P a further £230 compensation to put matters right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 23 February 2024.

Stephanie Mitchell  
**Ombudsman**