

## **The complaint**

Mr G complains that MBNA Limited lent to him irresponsibly.

## **What happened**

Mr G applied for a credit card with MBNA in July 2019. He was accepted and given a credit limit of £6,000 which was never increased.

In February 2023 Mr G complained to MBNA. He said MBNA shouldn't have provided him with the credit because he was overindebted elsewhere and the additional lending contributed to a debt spiral.

MBNA didn't uphold Mr G's complaint, so he brought it to this service.

Our investigator didn't uphold Mr G's complaint. They didn't have sufficient evidence to support a finding that MBNA had done anything wrong in its lending decisions and that Mr G had lost out as a result.

Mr G disagreed. Mr G supplied a copy of his credit report which covered the time of the lending. However, this didn't change the investigator's view on Mr G's complaint.

As Mr G did not agree the complaint has been passed to me to make a 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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considered Mr G's complaint.

Having done so, I've come to the same conclusion as our investigator. I don't think MBNA acted unfairly and lent to Mr G irresponsibly. I'll explain why I've reached this conclusion.

MBNA needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr G could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount, Mr G's borrowing history and his income and expenditure.

Mr G said in his application that his income was £60,000 a year, resulting in a monthly net income of around £3,600 a month, and that he didn't have any credit other than his mortgage, which required repayments of £652 a month.

In fact, Mr G did have outstanding credit elsewhere, which MBNA established when it ran its own credit check. MBNA has provided evidence of the results of the checks it completed. They showed no recent adverse information; there were no outstanding County Court Judgments (CCJs) or other evidence of recent non-payment of credit. It established that Mr G had unsecured credit commitments costing around £672 a month if he met his monthly repayments on any loans and if he paid 3.5% of his revolving debt each month.

MBNA also used modelled data to work out what Mr G's other household expenses were likely to be. From this it assumed essential living costs at £421, leaving Mr G with a disposable income of around £1,866 a month.

Mr G has supplied a copy of his credit report which appears to support MBNA's understanding of his financial situation at the time. I note that about six months before Mr G took out the credit card he had taken a payday loan, but this had been paid off before Mr G's application. Mr G's total unsecured borrowing was around £15,800. Had he paid off this borrowing at the rate of 3.5% a month this would have cost him about £553 (so, slightly less than MBNA had assessed). If he paid it off at 5% a month it would have cost him around £790 a month, which would still have left him with ample disposable income to meet the repayments on his MBNA credit card even if he used the full limit.

Mr G says that MBNA must have known he was overindebted because he asked for a credit limit of £8,000 but MBNA only gave him a limit of £6,000. I think MBNA acknowledged that Mr G had outstanding borrowing elsewhere and made a fair decision based on the information it had about Mr G's circumstances to establish a limit which Mr G could reasonably repay.

On the information available to me, I think MBNA completed reasonable and proportionate checks. And I think MBNA acted fairly on the outcome of those checks. So, I can't fairly say that Mr G lost out as a result of anything MBNA did wrong.

### **My final decision**

I do not uphold Mr G's complaint, so it follows that MBNA Limited does not have to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 May 2024.

Sally Allbeury  
**Ombudsman**