

## **The complaint**

Miss M complains that MBNA Limited lent irresponsibly when it approved her credit card application.

## **What happened**

Miss M applied for a credit card with MBNA in September 2015. MBNA has explained that due to the passage of time it has no records to show what information Miss M submitted in the application.

A credit card with a limit of £7,000 was approved by MBNA. MBNA has explained that Miss M made a repayment of £6,000 in March 2018 and another for £2,000 in March 2023 which repaid the outstanding balance in full. MBNA says the credit limit was reduced to £6,800 in March 2019 and £6,400 in September 2019.

Last year, Miss M complained that MBNA lent irresponsibly when it approved her credit card application. MBNA issued a final response but said Miss M had waited too long to complain about the credit card application. Miss M went on to refer her complaint to this service and it was ultimately passed to another ombudsman to consider whether it had been made in line with the relevant time limits. That ombudsman issued a decision that confirmed the Financial Ombudsman Service could consider the merits of Miss M's complaint.

An investigator looked at Miss M's complaint but didn't uphold it. MBNA explained that because of the length of time since Miss M's application had been made it no longer had access to the information she provided or the other supporting evidence it obtained. So MBNA wasn't able to say specifically what it considered when Miss M applied for her credit card. But MBNA set out the types of checks it would've completed during the application process.

In addition, our investigator asked Miss M to provide supporting evidence like her bank statements from 2015 when her application was made. But no statements were supplied. In the absence of any supporting information that showed MBNA had lent irresponsibly, the investigator didn't uphold Miss M's complaint.

Miss M asked to appeal, so her 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.

Before agreeing to lend, the rules say MBNA had to complete reasonable and proportionate checks to ensure Miss M could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;

- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've reviewed all the available information but I think it's fair to note that neither party has been able to supply contemporary evidence showing Miss M's circumstances at the point her application was made in September 2015. MBNA has explained that it can't retain information indefinitely so no longer has the application information on file. And I can see our investigator asked Miss M to provide copies of her bank statements from the time along with a copy of her credit file that showed her commitments in September 2015. Unfortunately, Miss M hasn't been able to provide that information to us either.

That leaves us in a position where neither party can provide evidence to show the specific information used to approve Miss M's credit card application. As a result, I've focused on what we know about how MBNA assessed credit card applications at the time and the other information we have available.

In its submissions to us, MBNA has confirmed that as part of its standard credit card application process, it completes a number of steps. An application providing details about a customer's circumstances is provided. Details of the residential status and income would've been required. MBNA also carries out credit searches to look at what applicants owe and applies a credit scoring process to the application. A combination of these factors is then used to decide whether to approve the application.

I understand Miss M's told us she had other debt, including an overdraft facility, around this time. But I'm satisfied that information of that nature would most likely have been taken into account by MBNA following the credit search it would've completed as part of its normal application process. On balance, I'm satisfied MBNA wouldn't have approved the application if it had found evidence of adverse credit or that Miss M was already over committed in terms of the credit she had.

I've also looked at the available credit card statements that go back several years to see whether there were other signs Miss M was struggling or experiencing financial difficulties. MBNA has made the point that Miss M's credit card was well administered with payments being made on time. The outstanding balance was substantially reduced in 2018 and repaid in full in 2023. I didn't see any evidence of overlimit or late charges in the statements I reviewed or obvious signs of financial difficulty.

I'm very sorry to disappoint Miss M as I understand the lack of direct evidence will likely feel unsatisfactory. But based on the information on file and for the reasons noted above, I haven't found grounds to uphold Miss M's complaint that MBNA lent irresponsibly when it approved her credit card application.

### **My final decision**

My decision is that I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept

or reject my decision before 4 June 2024.

Marco Manente  
**Ombudsman**