

The complaint

Mr B complains MBNA Limited gave him incorrect information about his credit card repayments which has led to financial hardship.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

On 14 October 2023 Mr B called MBNA to find out what the repayments would be on his existing credit card if he used it for a cash withdrawal. He says he was told they'd be £21.88 a month. Mr B went ahead, transferring £13,000 over on 25 October 2023 and incurring a £650 fee for doing so.

But, actually, the repayments were £341.25 a month, which he says is an unaffordable amount and has put him in financial difficulties.

MBNA said they'd listened back to the call, and Mr B was given the wrong information. They said he was told the calculation was 2.5% plus fees and interest for the minimum monthly repayment which would be £21.88 – but they'd round this up to £25 as that's the lowest minimum payment. But, in his case, the amount he's borrowed is higher, the minimum £25 wouldn't apply. They said the agent should have been clearer in their calculations. MBNA said Mr B could return the £13,000 money transfer, they'd return the £650 fee – and they paid him £50 compensation.

Unhappy with this Mr B asked us to look into things – explaining he'd already spent the money by repaying his overdraft and financing ongoing garden work. As part of our standard process, we asked MBNA for their version of events. When replying, they told us they'd like to increase their offer by £200 to £250 in total.

Our Investigator gathered all the information she needed and reached an outcome saying she thought the £250 offer was fair overall.

Mr B didn't accept this. I've summarised what I consider to be his key points:

- *The offer of £250 falls significantly short of addressing the financial burden this had on him*
- *A suggestion he should have been aware the information was incorrect due to having previous lending with MBNA of a similar figure didn't change the fact they'd given him incorrect information*
- *This incorrect information has forced him to seek loans to cover higher than expected repayment costs*

As Mr B didn't accept MBNA's offer, the complaint's been passed to me to decide. To help me decide the outcome, I asked for more information. The key points Mr B said in summary are:

- When asked for evidence of the loans he'd told our service he'd taken out, he said his partner had taken out a credit card and he could provide evidence of that
- He provided some evidence of building materials he'd purchased, and said more could be provided

He can't pass affordability checks on his mortgage leading to further financial problems as a result of MBNA's error

What I've provisionally 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 listened to the call on 14 October 2023. There is no dispute that Mr B was given the incorrect information by MBNA's agent.

So, what's left for me to decide is whether MBNA's offer of £250 is a fair way to put this right, or whether more needs to be done.

As a starting point, I need to explain we don't look to make incorrect information true, instead we think about the impact that incorrect information had. In deciding that, we also think about whether the consumer's actions were reasonable, and whether there were any opportunities for them to have done something different to mitigate that impact.

What that means is, although there is no dispute MBNA gave Mr B incorrect information, I won't be looking for them to adjust his minimum payments down to £25 as he'd like. The contract Mr B has with MBNA requires him to make the correct minimum repayments. So, I can't reasonably ask MBNA not to require that.

Next, I need to think about the losses Mr B says he's incurred. He says as a result of the incorrect information, he's had to take out loans to cover the increased repayments, his partner has incurred increased credit card costs and he can't get a mortgage due to not passing affordability checks.

But, as I've mentioned above, I need to think about whether Mr B has reasonably incurred those losses, or reasonably taken steps to mitigate those losses.

MBNA have said Mr B was an existing customer of theirs, and as at October 2023, had previously been paying off a £14,000 balance for the last 15 months – so he should know the minimum payment was higher than £25. To support this, they've provided statements.

The July 2022 statement does show Mr B with a balance of £14,230, and a minimum payment of £335.49. Mr B's July 2023 statement – just four months before the phone call – shows he had £5,260.90 with a minimum payment of £128.23.

So, I think based on these statements alone Mr B knew or could reasonably have known the information he'd been given by MBNA's agent was wrong. I think this is evident during the call, when Mr B questions the agent's calculations – and the agent even says Mr B can call back to ask someone else for their calculations.

Generally it wouldn't be unreasonable for a customer to rely on information they're given by a staff member of an institution like MBNA. It's reasonable for a customer to expect to receive accurate information. But, I do think Mr B's prior knowledge is an important factor. And I need to think about what he did after he became aware of the issue to decide how far any remedy for him should go.

Mr B received his complaint outcome from MBNA on 3 November 2023 – and referred his complaint to our service on 19 November 2023. And the evidence of the building materials he's provided are all dated after these dates – when Mr B already knew the information he'd been given was wrong. Despite this, Mr B continued to spend the money from the cash withdrawal – suggesting he needed to use this money at this point. So, bearing in mind I can't require MBNA to not ask for the contractual monthly repayment, it seems likely Mr B would have always ended up with a significant monthly repayment. Presumably, if Mr B had the option, he'd have repaid anything he could have done to the credit card in order to reduce down the balance and subsequently the monthly repayment.

Mr B has told us when he received the money he immediately paid off his overdraft, and in response to our Investigator's outcome, said the impact of the misinformation 'has had severe repercussions on my financial stability, forcing me to seek further loans to cover unexpected and substantial repayments'. But, when asked for evidence of these loans, Mr B then told us his partner had taken out a credit card – so it seems he never took out a loan as he suggested previously. I can't award compensation or financial losses to someone not a party to this complaint – so although I appreciate Mr B's partner may have incurred increased borrowing costs, this isn't something I can consider.

Finally, I understand Mr B has said this issue has prevented him from passing affordability checks with his mortgage lender – and it's having a significant impact on his financial circumstances. I'm genuinely sorry to hear of this. But I know mortgage lenders will have many different factors they consider before they may lend to someone. In the circumstances, I don't currently have enough to say the sole or main reason the mortgage lender won't give him the mortgage is due to an error by MBNA.

I don't doubt Mr B's frustration about the wrong information he was given. But overall I think a total of £250 compensation is going to be a fair outcome for this complaint.

Responses to my provisional decision

MBNA replied and said they had nothing to add.

Mr B didn't reply by the deadline.

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.

As MBNA didn't have anything further to add, and Mr B didn't reply to my provisional decision, I've seen no reason to change my thoughts that the £250 MBNA have offered is fair.

My final decision

MBNA Limited have made an offer of £250 to settle the complaint and I'm satisfied that's fair in all the circumstances.

So my decision is MBNA Limited should pay Mr B £250 compensation – they can deduct any compensation payments already made for this complaint from this figure.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 June 2024.

Jon Pearce
Ombudsman