

## **The complaint**

Mr R has complained that MBNA Limited unfairly closed and defaulted his credit card account.

## **What happened**

Mr R had a credit card account with MBNA. Unfortunately, while experiencing financial difficulty, he explained MBNA closed and defaulted his account without fair warning. Although he paid £1,000 towards the account on 20 November 2023, he wasn't later able to pay the rest, because the account had been closed.

One of our investigators looked into what had happened. She could see that since May 2023, the account had been in arrears. And in August 2023, MBNA issued a default notice, saying that Mr R needed to pay the outstanding arrears by 20 August 2023, or the account may be closed and defaulted.

Mr R contacted MBNA on 25 September 2023, to explain his circumstances. The agent agreed to put a 30-day hold on the account, and freeze the interest. The agent also said Mr R needed to get back in touch before the end of the 30 days – and if he didn't, the agreement may end and the account be defaulted, if there were still arrears. Our investigator was satisfied that Mr R didn't contact MBNA again during those 30 days, and there were still arrears. So, she felt it was reasonable of MBNA to then close and default the account. She noted this was in line with the guidelines issued by the Information Commissioner's Office, which state that if a person falls into arrears on their account, a default may be recorded - and this is usually occurs when the account is between three and six months in arrears. As there was no formal repayment plan in place, our investigator thought MBNA acted reasonably, as the account was six months in arrears.

Mr R disagreed, and said that two other lenders hadn't defaulted him, in similar circumstances.

The complaint's now been passed to me.

## **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, and despite my significant sympathy for Mr R's situation, I'm not going to uphold it. I know this will be disappointing, but I'll explain why.

I understand that Mr R was going through a really difficult period, which had an impact on his finances. I'm very sorry to hear this. But, MBNA did behave positively and sympathetically, in giving Mr R some breathing space. It also asked him to get back in touch. Ultimately, it exercised its right to close and default the account, and I can't say it was unreasonable to do so, given the significant arrears.

I very much hope that Mr R's situation is improving, and I'm sorry this decision will come as a disappointment.

**My final decision**

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 10 October 2024.

Elsbeth Wood  
**Ombudsman**