

## The complaint

Ms W complains about the amount of compensation that she's been offered by MBNA Limited for issues arising from a credit card account that should have been closed.

## What happened

Ms W had a credit card account with MBNA. She says that she repaid the outstanding balance in February 2022 and asked MBNA to close her account. She says that she became aware in November 2023 that the account was still open and that there had been significant activity on it so she complained to MBNA. It said that someone had taken over her account after she'd repaid the full balance and spent on the account. It apologised for that and said that it would refund the fraudulent transactions and update Ms W's credit file. It also paid her £150 compensation for the inconvenience caused.

Ms W received a text message from MBNA in April 2024 advising her that there had been suspicious activity on her account so she contacted MBNA. It dealt with the matter as a complaint and said that it was its error that the account hadn't been closed and that there had been further fraud on Ms W's account. It said that it would refund the fraudulent transactions and update Ms W's credit file and that her credit card account had been closed. It also said that it was sorry that it didn't give Ms W better service and, to make up for that, it offered to pay her £200 for the inconvenience caused.

Ms W didn't accept that offer and complained to this service. MBNA then said that that, given the events and their impact on Ms W, it would increase its offer of compensation by a further £200. Ms W didn't accept that offer. She said that she should receive £7,169 for the time that she'd spent dealing with these issues and £7,163 for the interest that she'd be paying for a new kitchen (she says that she was unable to obtain five years of interest free credit which was how she had originally planned to finance it). She also says that her credit score is much lower than it was and her credit limits on several credits account have been reduced.

Ms W's complaint was then looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. He said that MBNA should have closed Ms W's account when she originally asked it to. He recommended that MBNA should pay Ms W £400 compensation.

MBNA accepted the investigator's recommendation but Ms W didn't agree with it and asked for her complaint to be considered by an ombudsman. She has responded in detail and says, in summary, that:

- she has suffered financial loss as she was unable to obtain interest free credit on the purchase of a new kitchen and a number of lenders with whom she holds credit cards reduced her credit limit significantly last year as a result of the initial fraud and the damage it caused to her credit score so she's had to use savings to purchase high value items and also used savings to pay off some existing debt early in an attempt to restore her credit rating;
- the fraudulent transactions have been removed from her credit file but the address used by the fraudsters is displayed as a linked address on her credit report;
- there has been no acknowledgement of, or compensation for, the stress and anxiety

- this matter has caused; and
- she doesn't agree that £550 is fair compensation.

She also says that she discovered in June 2024 that a new MBNA account had been opened in her name so she's raised a further complaint with MBNA about that.

### **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.

MBNA accepts that it was its error that Ms W's credit card account wasn't properly closed when she first requested it or after her first complaint to it. It says that the account has now been closed. Ms W says that a new MBNA account had been opened in her name and that she's raised a further complaint with MBNA about that. But that isn't part of the complaint that she's made to this service so I'm unable to consider it in this decision.

MBNA said that it would refund the fraudulent transactions and update Ms W's credit file to show a zero balance. It's provided evidence to show that it's done so. It also said that it was sorry that it didn't give Ms W better service and it paid her £150 compensation for the inconvenience caused, offered to pay her a further £200 for the inconvenience caused and, after she'd complained to this service, it said that it would increase its offer of compensation by a further £200.

It's clear that Ms W has been caused significant distress and inconvenience by MBNA's errors. It has paid her £150 compensation for the inconvenience caused and I consider that it would be fair and reasonable in these circumstances for it to pay her a further £400 to compensate her for the distress and inconvenience that she's been caused.

I don't consider that it would be fair or reasonable for me to require MBNA to pay to Ms W the £7,169 that she's claimed for the time that she's spent dealing with these issues. I'm also not persuaded that it would be fair or reasonable for me to require MBNA to refund to her £7,163 for the interest that she says that she's paying for a new kitchen. She hasn't provided evidence to show that she applied for interest free credit to pay for the kitchen or that any such application was declined because of information that MBNA had recorded on her credit file. There are many factors that are taken into account when a creditor considers an application for credit and any application made by Ms W could have been declined for other reasons. Ms W was aware that she didn't have interest free credit when she decided to buy the kitchen but she still went ahead with the purchase.

Ms W also says that a number of lenders with whom she holds credit cards have reduced her credit limit significantly as a result of the initial fraud and the damage it caused to her credit score so she's had to use savings to purchase high value items and also used savings to pay off some existing debt early in an attempt to restore her credit rating. She's provided letters that she received from some lenders about reduced credit limits and a copy of her credit report which shows reduced credit limits. I can understand her negative feelings about the credit card reductions but I can see from her credit file that she has other credit cards which haven't had their credit card limits reduced. I'm not persuaded that there's enough evidence to show that there wasn't enough credit available to Ms W on her existing credit cards so that she had to use savings to purchase high value items.

If Ms W wants higher credit limits on those cards, I suggest that she writes to the lenders who have reduced her credit limits and explains to them what has happened. If she asks it for one, I would expect MBNA to provide her with a letter explaining its error that she can provide to those lenders.

Ms W says that the address used by the fraudsters is displayed as a linked address on her credit report. MBNA confirmed earlier this month that it had sent a request for address link deletion to the credit reference agencies but it says that those agencies may take some time to update their records. If the linked address continues to be displayed on her credit report, I suggest that Ms W contacts MBNA about that issue.

It's clear that Ms W feels very strongly that a total of £550 compensation isn't fair and that there's been no acknowledgement of, or compensation for, the stress and anxiety that she's been caused. But MBNA has apologised to her and has paid and offered compensation for the inconvenience that she's been caused. I've said above that I consider that it would be fair and reasonable for MBNA to pay a further £400 to Ms W to compensate her for the distress and inconvenience that she's been caused. I appreciate that this will be disappointing for Ms W, but I'm not persuaded that it would be fair or reasonable in these circumstances for me to require MBNA to pay her more compensation than that or to take any other action in response to her complaint.

### **Putting things right**

I find that it would be fair and reasonable in these circumstances for MBNA to pay £400 to Ms W to compensate her for the distress and inconvenience that she's been caused. That is in addition to the £150 compensation that it has already paid to her.

### **My final decision**

My decision is that I uphold Ms W's complaint and I order MBNA Limited to pay £400 to Ms W to compensate her for the distress and inconvenience that she's been caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 9 January 2025.

Jarrold Hastings  
**Ombudsman**