

The complaint

Mr S complains that MBNA Limited ('MBNA') didn't allocate his credit card payments correctly and consequently he was charged a high rate of interest on his money transfers. He says MBNA were obstructive when he tried to log a complaint, and their complaints process took a long time.

Mr S wants MBNA to refund him interest of approximately £1,500 and compensate him for the time he's spent resolving this matter.

What happened

On 22 November 2023 Mr S made payments to his MBNA credit cards to pay off two money transfer balances in full, as his promotional interest rates were ending and he didn't want to pay the standard interest rate.

In July 2024 Mr S contacted MBNA as he noticed his payments had been applied to the wrong balances and he'd been charged standard rate interest on the money transfers he'd intended to repay – around £1,500.

MBNA confirmed the money transfers weren't paid off because Mr S's terms and conditions set out that payments would be allocated to balances with the highest interest rate first. MBNA confirmed the money transfers didn't carry the highest rate of interest until the day after the expiry date of their promotional rate, so Mr S's other balances had been reduced instead. MBNA didn't accept they'd made any mistake but agreed to reallocate Mr S's payments so the intended money transfers were paid off.

Mr S wanted a refund of around £1,500 to reflect that he shouldn't have been charged standard rate interest. MBNA didn't agree, and Mr S sought to complain. As a goodwill gesture MBNA refunded interest for one month, waived interest for a further month and paid £30 to recognise Mr S's inconvenience. But MBNA didn't uphold Mr S's complaint, saying that Mr S had made his payments too early and they'd allocated them in line with his terms and conditions.

Mr S referred his complaint to our service. He said the payments should have been applied to the most expensive funding lines at the point of payment and as the promotional rates expired on that day, the money transfers he intended to repay would have become the most expensive funding lines. Our investigator didn't uphold Mr S's complaint, saying MBNA had allocated the payments in line with their terms and conditions because the rate changed after the expiry date, not on it. Our investigator also said that we couldn't look into how a firm handled their complaints process, under the rules we follow.

In response Mr S spoke with our investigator. He asked how he was supposed to know what specific time to make payments on an expiry date. He thought his intentions were obvious to MBNA as he'd paid the exact sums required to pay off the two money transfers on the date the promotional rates were ending. He also added that payments sometimes take time to clear so he wanted to know exactly when his money had reached MBNA's account, rather than when their systems recorded his payments.

Our investigator didn't change his view, and so the matter has come to me to decide.

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.

I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

In doing so I've decided not to uphold this complaint, for broadly the same reasons as our investigator.

I recognise Mr S feels MBNA weren't clear about what they meant by the term "expiry date" and should have communicated to him that the new rate wouldn't take effect until the following day. It's clear to me that Mr S understood his terms and conditions and thought he was paying at the right time to ensure he didn't incur the standard interest rate.

On Mr S's credit card statements MBNA listed his balance transfers and money transfers alongside the expiry dates of their applicable interest rates. For the interest rates for the money transfers relevant to this complaint, MBNA gave the following information: "Expiry Date 22/11/2023."

MBNA didn't give any further context to what they meant by this so I think the usual meaning of "expiry date" applied – it's a pre-determined date after which something can't be used. To put it another way, an expiry date is the last day that something's valid.

So in order to ensure he paid off the right money transfers, Mr S needed to delay payment until his promotional rate had expired and the new standard rate – which was higher than all the others – was being applied. So, he needed to pay after 22 November 2023.

I acknowledge Mr S thinks his intention should have been obvious to MBNA given his payment amounts matched the money transfer balances he wanted to repay. But MBNA's terms and conditions are clear about the way in which they allocate payments, and I can't fairly criticise them for adhering to them.

I understand Mr S would like to know when MBNA actually received his payments, rather than when their system recorded he'd paid, because this might mean the payments showed up on his two credit card accounts too early. I know this will disappoint Mr S but I've not required MBNA to provide this information because it won't impact my decision. I say this because the Financial Ombudsman Service has no power to interfere with MBNA's systems, processes or controls as this is a consideration for the regulator, the Financial Conduct Authority. This means I can't direct MBNA to change the way their system allocates payments.

What I can look at is whether MBNA followed their usual processes when allocating Mr S's payments and I haven't seen any evidence to suggest anything went wrong. I don't think MBNA acted unfairly by allocating the payments made by Mr S on 22 November 2023 to his accounts on that date.

I acknowledge Mr S feels MBNA were obstructive to him making a complaint, because they spent a long time negotiating with him on the phone. Complaints about complaints handling aren't something the Financial Ombudsman Service can look into under the rules we follow.

However, I would expect MBNA to engage with Mr S's concerns in case they could do something to help. I think MBNA did engage with Mr S here as they recognised what he was trying to achieve and adjusted his accounts as a gesture of goodwill.

In conclusion, I think MBNA have treated Mr S fairly in these circumstances by applying his payments in line with the terms and conditions of his credit card accounts, and I don't uphold this complaint.

My final decision

For the reasons I've outlined, my decision is not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 February 2025.

Clare Burgess-Cade
Ombudsman