

## **The complaint**

Miss D complains that MBNA Limited (MBNA) were unreasonable to default her accounts and sell them to debt collectors.

## **What happened**

Miss D had three credit cards with MBNA. She wrote to them in January 2024 asking for breathing space and they put a 30 day hold on all three accounts. During that period no interest was to be accrued.

When all three accounts were eventually defaulted by MBNA and sold to debt collectors Miss D complained. She said MBNA had been unreasonable and she wanted them to recover the debts, remove the defaults from her credit file and agree an affordable payment plan.

MBNA didn't agree to that. They thought they'd done nothing wrong and when Miss D referred her complaint to this service our investigator agreed. Miss D has, therefore, asked for a decision by an ombudsman.

## **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 know it will disappoint Miss D, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

When a consumer tells a business they are in financial difficulty we'd expect the business to be sympathetic and supportive. I think MBNA were supportive here. Miss D wrote to them in January 2024 explaining she was experiencing financial difficulty. and they quickly applied a 30 day hold to her accounts during which no interest would be charged. They directed Miss D to organisations that may be able to help her, and they let her know that payment plans could be arranged. MBNA's system notes suggest they asked Miss D for budget information to help them understand her situation better, but I can't see Miss D ever supplied that.

## ***Were MBNA fair to default the accounts?***

We'd usually expect accounts to be defaulted when they were at least three months in arrears and usually before accounts were six months in arrears. The accounts had all been

in arrears for longer than three months by the time MBNA defaulted them. Miss D says she didn't receive the default notices that MBNA say they sent, and MBNA say they didn't receive the letters Miss D sent to them in February, March and April 2024 asking for further breathing space. I think it's likely the default letters and arrears notifications were sent to Miss D when MBNA say they were as their system notes suggest that was the case, and the process is automated. But even if they weren't sent it's important that a consumer's account is defaulted promptly as to delay an inevitable default will prolong the impact that debt is having on a consumer; a default stays on the credit file for six years. As MBNA hadn't received any income and expenditure details from Miss D, and as the debts were considerable and in significant arrears, I think the evidence suggests the defaults were inevitable and it wouldn't have been reasonable for MBNA to concede to Miss D's requests for further breathing space even if they had received her letters.

The terms and conditions of Miss D's accounts allowed MBNA to transfer rights and obligations under the agreements, so I don't think they were unreasonable to sell the debts to debt collectors and I don't think there is cause for the debts to be recovered to MBNA.

I'm not asking MBNA to take any further action.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

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

Phillip McMahon  
**Ombudsman**