

The complaint

Miss B complains that MBNA Limited lent irresponsibly when it approved her credit card application.

What happened

Miss B applied for a credit card with MBNA in January 2024. In her application, Miss B said she was living with her parents, single and had no dependents. Miss B gave her income as £25,000 and MBNA calculated that left her with around £1,752 a month after deductions. MBNA says that while Miss B said she wasn't paying any rent, it used a figure of £100 a month along with £618 a month for general living expenses. A credit search was completed with no adverse credit, defaults or recent missed payments found. MBNA says Miss B was making payments of around £454 a month to her existing creditors. MBNA says that after it applied its lending criteria it found Miss B had an estimated disposable income of £542 which was sufficient to afford repayments to a new credit card with a limit of £1,000.

Last year, Miss B complained that MBNA lent irresponsibly and it issued a final response. MBNA said it had carried out the relevant lending checks before approving Miss B's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss B's complaint. They thought MBNA had completed reasonable and proportionate lending checks before approving Miss B's application and didn't agree it lent irresponsibly. Miss B asked to appeal and said the disposable income figure MBNA had reached wasn't right and that she her outgoings were higher. As Miss B asked to appeal her complaint has been passed to me to make a decision.

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.

Before agreeing to lend, the rules say MBNA had to complete reasonable and proportionate checks to ensure Miss B could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As I've set out above, when Miss B applied she advised she was living with her parents with no rent recorded. Miss B also said she was single with no dependents. MBNA's provided evidence of the affordability data it used. MBNA's confirmed it obtained estimates for Miss B's outgoings from nationally recognised statistics. That's an approach MBNA can take under the rules that set out how businesses should lend. I can see that while Miss B said she had no rent, MBNA used a figure of £100. MBNA also estimated Miss B's other outgoings came to around £618 a month.

MBNA carried out a credit search. The results have been provided and, in my view, they don't show signs of financial difficulty. No adverse credit, defaults or recent missed payments were found on Miss B's credit file. And I can see MBNA took her existing monthly payments of £452, as obtained from Miss B's credit file, into account.

MBNA used a tool provided by the credit reference agencies that looks at current account turnover to verify the level of income Miss B declared in the application. After MBNA took Miss B's outgoings and income into account, it calculated she had a disposable income of £542 a month. In my view, that was a reasonable conclusion for MBNA to reach based on the information it obtained.

Overall, I'm satisfied MBNA did carry out reasonable and proportionate lending checks before approving Miss B's credit card application. I haven't seen anything that would've caused MBNA to further question the information recorded on Miss B's application and found on her credit file. In my view, the decision to approve Miss B's application based on the information MBNA obtained was reasonable. I'm very sorry to disappoint Miss B but I haven't been persuaded that MBNA lent irresponsibly.

In response to the investigator, Miss B said her outgoings were higher than the figures MBNA used and said that she only had a small amount available for food fuel and to shop for her child. I have to be fair to both parties and I think it's reasonable to note Miss B's application advised she had no dependents. So I wouldn't have expected MBNA take Miss B's outgoings for her child into account as part of the application process. As noted above, I think the decision to approve Miss B's application was reasonable based on the information MBNA obtained and the lending checks it completed.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MBNA lent irresponsibly to Miss B or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 April 2025.

Marco Manente
Ombudsman