

The complaint

Mr V complains that MBNA Limited lent to him irresponsibly.

What happened

In July 2011, MBNA gave Mr V a credit card (card 1) with a limit of £4,000. In May 2014, it increased the credit limit to £4,000 and in May 2016, it increased it again to £6,800.

In November 2013, MBNA gave Mr V another credit card (card 2) with a limit of £3,000. In May 2018, it increased the credit limit to £3,500.

Mr V complains that MBNA should not have given him either card. He said that if it had looked at his credit history it would have seen that he was only making minimum payments. He said as he's only been making the minimum payments the balances have not gone down and he's struggling since interest rates have gone up. Mr V wants MBNA to remove all of the interest it has applied to both accounts.

The investigator did not think the complaint should be upheld.

Mr V did not accept what the investigator said. He said he was unable to obtain bank statements for the periods in question so he could not prove that MBNA did not carry out proper checks.

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.

Mr V made his complaint in July 2024. All of the events he is complaining about took place more than six years ago. Usually that would mean that I would have to consider whether this complaint was referred outside the time limits in our rules. But in this case, MBNA has consented to us considering this complaint, so I am able to look at it.

MBNA needed to make sure that it didn't lend irresponsibly. In practice that meant it should have carried out proportionate checks to understand whether Mr V could repay the credit it gave him. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of the much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think a lender needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to show that it didn't continue to lend to a customer irresponsibly.

The difficulty we have is that both Mr V and MBNA do not have all of the information we would usually consider in a complaint such as this. That reflects the passage of time and that lenders do not have any obligation to retain this information for more than six years. But MBNA does have some of the information it would have taken into account and I think that

the information it does have supports the lending decisions it made were reasonable.

Mr V has been unable to provide any information to support his position that if MBNA had carried out more thorough checks it would have shown the credit cards and credit limit increases it gave him were unaffordable or unsustainable.

I have made a decision based on the evidence we do have. And I think the weight of the evidence means it is more likely than not that the decisions to lend to Mr V were made fairly and reasonably. So I agree with the conclusions reached by the investigator.

Card 1

MBNA has told us that when it considered the application from Mr V declared an income of £40,000 a year and total household income of £100,000. Its records show that at the time Mr V had credit cards with a total balance of £3,227 against total credit limits of £13,890.

MBNA said that it verified Mr V's income by looking at his current account turnover (CATO) and from other applications Mr V had made for credit – and it took into account information on Mr V's credit file. It said that it then made an automated decision and decided the credit card was affordable based on all of the information it had.

I consider those checks were likely to be reasonable and proportionate bearing in mind the stage the relationship was at, what MBNA knew about Mr V's circumstances and the amount being lent. We don't know what information was available to MBNA when it searched Mr V's credit file – other than the amount of credit card debt. But Mr V is unable to give us any further information, for example bank statements or a copy of his credit file for the relevant time that shows that his level of debt was higher than MBNA thought or that the amount lent was unaffordable.

Based on the information available to me and considering the information that MBNA has shown it had about Mr V's income and debts, I don't see how I could reasonably find that the decision to lend to Mr V was unfair or unreasonable.

Looking at the increases to the credit limit, MBNA is unable to tell us what checks were carried out. So I can't say that the checks were reasonable or proportionate. But it said Mr V's balance was £2,444 at the time of the May 2014 increase and £1,884 at the time of the May 2016 increase. That would support that the credit card was being operated within its existing credit limit and was affordable. Again, Mr V is unable to provide any other information to support that MBNA's decision was unreasonable.

On the limited information available to me, on balance, I consider it less likely the decisions to increase Mr V's credit limit were unfair or unreasonable.

Card 2

MBNA's records show that when Mr V took out card 2 he had an income of £20,000 a year and total household income of £60,000. It said a credit search showed he had loans with a total balance of £7,035 and credit cards with a balance of £617 against total credit limits of £2,000.

MBNA said it carried out the same checks it did for the initial application for card 1. In view of the overall information that MBNA had, and the amount being lent, I consider those checks were reasonable and proportionate.

Again, due to the passage of time. MBNA does not have full details of the result of the credit

check. So I am unable to say for certain that the decision to lend was made fairly or reasonably based on all of the information that would have been available to MBNA. But Mr V is unable to give us any further information that would support that MBNA's decision was unreasonable or that if it had carried out further checks it would have shown the credit card was unaffordable or unsustainable. I don't consider the evidence we do have would lead me to conclude that the lending was unaffordable or unsustainable.

Based on the information available to me and considering the information that MBNA has been able to show it had about Mr V's income and debts, I don't see how I could reasonably find that the decision to lend to Mr V was unfair or unreasonable.

There was a single increase to the credit limit in May 2018. MBNA is unable to provide any details of the checks it carried out. It said that Mr V's balance was £2,444 at the time in question. That would support that the credit card was being managed within the agreed credit limit. Mr V has not been able to give us any evidence that would support that the decision to increase his credit limit was wrong.

On the limited information available to me, on balance, I consider it less likely the decision to increase Mr V's credit limit was unfair or unreasonable.

Finally, I've thought about whether considering this complaint more broadly as being about an unfair relationship under Section 140A of the Consumer Credit Act 1974 would mean we could look at it. But even if it could (and should) reasonably be interpreted in that way I'm satisfied this wouldn't affect the outcome in this particular case.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 22 April 2025.

Ken Rose
Ombudsman