

The complaint

Mr R is unhappy with several aspects of the service he's received from MBNA Limited.

What happened

Mr R raised a complaint with MBNA because he was unhappy that his credit limit had been reduced from £20,000 to £500 without any advance notice and because he'd been charged a late payment fee on his account. And Mr R was also unhappy that his mobile banking account had been deleted which meant he couldn't access his MBNA account.

MBNA responded to Mr R and confirmed they had made the decision to reduce his credit limit to £500 and that Mr R couldn't apply to increase that limit because he lived outside the UK. MBNA also explained that their records showed that Mr R had recently accessed his online banking, but they agreed to reimburse the late payment fee to Mr R and to waive the interest on the account for one month as a gesture of goodwill.

Mr R wasn't happy with MBNA's response and wrote back to them, reiterating his dissatisfaction that his credit limit had been reduced and stating that he hadn't recently logged into his mobile banking account as MBNA had claimed and that his account had in fact been erased.

In response, MBNA acknowledged that their statement that Mr R had accessed his online banking had been a mistake, and they apologised to Mr R for this and paid £50 to him as compensation for any trouble or upset they may have caused. MBNA also explained that they weren't aware of any issues with Mr R's mobile banking account and asked Mr R to call them if he continued to experience problems. Finally, MBNA reiterated that they had taken the decision to reduce Mr R's credit limit as per their previous letter. Mr continued to be unhappy with MBNA's response to his complaint, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel MBNA had acted unfairly by reducing Mr R's credit limit or by not being willing to consider increasing it because Mr R lives overseas. And they also felt that MBNA's reimbursement of the late payment fee, request that Mr R call them to discuss his online banking account access, and payment of £50 compensation for incorrectly stating that Mr R had accessed his online banking, all represented fair resolutions to Mr R's complaint. Mr R disagreed, and so the matter was escalated to an ombudsman for a final 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.

Mr R is unhappy that MBNA have reduced his credit limit from £20,000 to £500, and he would like this service to instruct MBNA to reinstate his credit limit back to £20,000. But it must be understood that a credit limit isn't a 'right' that a consumer has. Instead, a credit limit is provided to an account holder solely and entirely at the discretion of the credit provider.

What this means is that MBNA don't have to provide any amount of credit to Mr R that they don't want to provide. In this instance, after conducting a review of Mr R's account, MBNA have decided that they are only willing to provide a £500 credit limit to Mr R. And, ultimately, I'm satisfied that this is a commercial decision that MBNA are fairly entitled to make.

Mr R would like to understand exactly why MBNA have taken the decision to reduce his credit limit. But I wouldn't expect MBNA to provide such specific information to Mr R or to any of their account holders.

This is because if MBNA did allow the exact reasons surrounding their decisions to enter the public domain, this could potentially enable consumers to deliberately avoid any known trigger points that MBNA might consider and to provide a 'false picture' of their financial position to MBNA. In turn, this could cause MBNA to provide credit to a consumer based on an incorrect assessment of that consumer's financial position, and for MBNA to provide credit to consumers that they might otherwise not have chosen to provide.

In short, the effectiveness of a credit provider's internal creditworthiness assessments depends on the specific mechanisms of those assessments not being in the public domain. And because of this, I wouldn't expect MBNA to provide the exact reasoning behind their decision to Mr R as he would like.

However, it would generally be expected that a credit provider would provide a non-specific high-level explanation of the factors they consider when making credit worthiness assessments. I note that in their initial response to Mr R's complaint, MBNA explained that they use information they know about Mr R's account as well as data that they obtain from credit reference agencies when making such decision. Additionally, MBNA's own appetite for risk will also be a relevant factor.

Mr R is also unhappy that MBNA won't consider increasing his credit limit from £500 because he lives overseas. But again, I'm satisfied this is a commercial decision that MBNA are entitled to make, and I can only reiterate that MBNA aren't obliged to provide credit if they don't want to, and that MBNA retain the right to decide the criteria that determines who they do and do not want to provide credit to.

Mr R has stated that MBNA's decision to reduce his credit limit has caused him frustration and stress that, as an elderly gentleman, he shouldn't have to endure. And he also notes that he's been an account holder with MBNA for over 30 years, the majority of which he has lived overseas, and so questions MBNA's loyalty to its long-standing customers.

But MBNA will be aware of the long-standing nature of Mr R's relationship with them, and this service wouldn't instruct a business to be 'loyal' as Mr R suggests. Furthermore, the fact that Mr R lives overseas doesn't appear to be related to the reduction of his credit limit, which as explained was undertaken by MBNA following a review of his account. But as discussed above, the fact that Mr R does live overseas does mean MBNA won't accept a request from Mr R to increase his credit limit moving forwards. And as I've previously stated, I don't feel that this is unfair.

Mr R is also unhappy about the late payment fee that MBNA applied to his account, which he considers to be tantamount to usury. I don't agree with Mr R in this regard, and I don't feel that late payment fees, which are a standard feature on credit accounts, are unfair. However, this is a moot point, given that MBNA have already reimbursed the late payment fee back to Mr R as a gesture of goodwill.

Regarding Mr R being unable to access his online banking account, it seems that it may be the case that MBNA believed Mr R was referring to the online mobile app whereas Mr R

appears to have been referring to his internet banking account. However, I feel that MBNA's request for Mr R to call them to so that they can investigate this issue in more detail is reasonable, even in consideration of the inconvenience that may cause Mr R in having to call from overseas.

Finally, I feel that the £50 compensation that MBNA have paid Mr R for mistakenly stating that he had accessed his online banking account does represent fair compensation for that mistake, and so I won't be instructing MBNA to do anything more in this regard.

I realise this won't be the outcome that Mr R was wanting, but it follows that I won't be upholding this complaint or instructing MBNA to take any form of action here. This is because I don't feel that MBNA have acted unfairly towards him as he contends, for the reasons described above. I hope that Mr R will understand, given what I've explained, why I've made the final decision that I have.

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 R to accept or reject my decision before 28 May 2025.

Paul Cooper
Ombudsman