

The complaint

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

What happened

Miss T applied for an MBNA credit card in June 2022. In her application, Miss T said she was employed with an income of £60,000 a year and was renting her home at £775 a month. MBNA applied estimates for Miss T's general living expenses and carried out a credit search. No adverse credit, defaults or recent missed payments were found. The credit report showed Miss T had existing debts of around £16,000. MBNA applied its lending criteria to Miss T's application and approved it, issuing a credit card with a limit of £6,000.

Miss T used the credit card in the months after her application was approved with the outstanding balance reaching around £4,000 in October 2022. Miss T went on to reduce the outstanding balance and in June 2023 the credit limit was reduced to £1,000. Miss T repaid the outstanding balance in full around November 2023.

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

An investigator at this service looked at Miss T's complaint. They thought MBNA should've considered stronger lending checks before approving Miss T's application. The investigator looked at Miss T's bank statements for the months before the application was approved. They thought Miss T's bank statements showed she had sufficient disposable income to be able to sustainably afford repayments to a new credit card and weren't persuaded MBNA lent irresponsibly. Miss T's representatives asked to appeal, so 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 T 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.

I've set out the details MBNA used when considering Miss T's application above. But, like the investigator, I think there were grounds for MBNA to have considered a more focused assessment of Miss T's circumstances during the application process. Miss T already owed around £16,000 and the size of the credit limit MBNA went on to approve was reasonably large at £6,000. One option available to MBNA would've been to look at Miss T's bank statements to get a clearer picture of her circumstances which is what I've done.

Miss T's bank statements for the three months before her application show she had an average income of £2,872. I took regular outgoings for items like Miss T's credit commitments, overdraft fees, utilities, rent, insurance, council tax, communications and other regular bills into account. I found Miss T had average outgoings of £1,980 a month. That means Miss T had around £900 a month available to cover her remaining spending on items like food, transport and regular living expenses. I also think it's reasonable to say Miss T's bank statements were well maintained with no obvious signs of financial difficulties. In my view, the bank statements show Miss T was in a position to sustainably afford repayments to a new credit card with a limit of £6,000.

I think it's more likely than not that if MBNA had carried out more detailed lending checks, like reviewing Miss T's bank statements, it's more likely than not it would've still taken the decision to approve her application. I'm sorry to disappoint Miss T but I haven't been persuaded that MBNA lent irresponsibly or treated her unfairly when it approved her application in June 2022.

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 T 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 T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 12 June 2025.

Marco Manente
Ombudsman