

## **The complaint**

Mr A complains that MBNA Limited lent irresponsibly when it approved his credit card application.

## **What happened**

Mr A applied for an MBNA credit card in April 2019. In his application, Mr A said he was self employed with an annual income of £40,500 that MBNA calculated left him with £2,590 a month after deductions. Mr A also said he was making monthly payments of £150 towards housing costs and £50 a month for other regular commitments. MBNA applied an estimate of £434 a month for Mr A's general living expenses. A credit search found Mr A was making monthly repayments of £44 to his existing creditors. No adverse credit, defaults or recent missed payments were found on Mr A's credit file. MBNA applied its lending criteria and says Mr A had a disposable income of £1,911 a month. MBNA approved a credit card with a limit of £8,100

Mr A went on to use the credit card. Last year, Mr A complained that MBNA lent irresponsibly and it sent him a final response. MBNA said it had carried out the relevant lending checks before approving Mr A's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr A's complaint. They felt MBNA should've carried out a more focused set of checks before approving Mr A's application. But when the investigator reviewed Mr A's bank statements for the three months before the application was approved they thought he had sufficient disposable income to afford repayments to the new MBNA credit card. The investigator wasn't persuaded MBNA lent irresponsibly and didn't uphold Mr A's complaint.

Mr A asked to appeal and explained he'd been reliant on his overdraft for several years before applying to MBNA for a credit card. As Mr A asked to appeal, his 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 Mr A 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 information MBNA used when considering Mr A's application above. But I'm not sure the decision to rely on a housing figure of £150 a month was realistic and, given the size of the credit limit MBNA went on to approve, I think there were grounds for it to consider carrying out a more comprehensive set of checks before approving Mr A's application. One option MBNA had would've been to review Mr A's bank statements for the preceding months to get a clearer picture of his circumstances. That's the approach I've taken.

I can see Mr A's income varied between January and March 2019 but the average was £3,233 a month. Mr A's regular outgoings for items like credit, insurance, utilities, childcare and communications came to an average of around £2,300. That meant Mr A had between £900 and £1,000 remaining as a disposable income after to cover his remaining living expenses. In my view, that was sufficient to sustainably afford repayments to a new credit card with a limit of £8,100. So whilst I think MBNA ought to have carried out more comprehensive lending checks before approving the application, I'm satisfied that if it had it would've still most likely approved the credit card application with a limit of £8,100. I'm sorry to disappoint Mr A but I haven't been persuaded MBNA lent irresponsibly.

I understand Mr A had used his overdraft for several years and can see his account was overdrawn during the three months I looked at. But I think it's fair to note there were various high level transfers made into Mr A's account each month that brought the balance out of the overdraft facility. And Mr A's bank statements were well maintained with no obvious signs of financial difficulties or evidence he was struggling.

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 Mr A or otherwise treated him 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 Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 9 June 2025.

Marco Manente  
**Ombudsman**