

The complaint

Mr W complains that MBNA Limited's failure to close his credit card account as agreed has left him in further financial difficulties.

What happened

Mr W held a credit card account with MBNA. After discussing his financial difficulties with MBNA, it offered him a consolidation loan, which he used to settle the outstanding credit card balance in August 2024.

Mr W is unhappy that MBNA didn't cancel his credit card as agreed once he had paid it off with the loan. Mr W went on to make purchases with his credit card. He says this pushed him further into debt.

Before coming to our service, MBNA paid Mr W £250 compensation and agreed to waive interest and fees on the outstanding credit card balance. Mr W thinks that it should do more to help him.

Our investigator didn't recommend that MBNA do anything else in response to Mr W's complaint. She thought that Mr W should bear some of the responsibility for using his credit card to make purchases in October and November 2024. As the spending was non-essential, our investigator didn't think it fair to ask MBNA to settle part of the outstanding balance, nor to remove the interest charges from the loan.

Mr W disagreed with the investigation outcome. He wanted MBNA to waive interest charges on the loan. As Mr W told our investigator that MBNA had also given him the loan, she asked whether it would be willing to stop charging interest on it.

MBNA said that it already agreed a preferential rate of 9% for the loan, so it wasn't willing to waive interest. It also said that it could only consider a partial settlement of the outstanding credit card balance if it was in default.

Our investigator told Mr W that her view of his complaint had not changed. He remains unhappy with the outcome and says that MBNA's actions amount to predatory lending as the loan should have closed his credit card account.

Mr W wants MBNA to reduce his outstanding debt and then amalgamate the outstanding balances on his credit card and loan into an interest free repayment plan of £200 each month. Mr W wants MBNA to remove any negative information about the accounts from his credit file.

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.

I realise that I have set out this complaint in less detail than the parties and that I have done so using my own words. The rules which govern us, together with the informal nature of our

service allow me to take this approach. But this doesn't mean I have not considered everything the parties have given to us.

I am sorry to disappoint Mr W, but like our investigator, I think MBNA has already done and offered enough to put things right. I agree that allowing Mr W to continue to spend on the credit card after the loan went against what the parties had agreed would happen. But I can't ignore the fact that Mr W had the benefit of the money he spent on the card and most of the purchases made appear to have been non-essential spending such as paying for a holiday.

Mr W chose to spend the money, so I don't consider it reasonable to require MBNA to write off either the loan or credit card in whole or in part. Mr W had the benefit of the money lent, so I consider it fair that he repays it.

MBNA has already agreed to waive interest and fees for the lifetime of Mr W's credit card balance. I think this was a fair way to respond to the difficulties Mr W now finds himself in. MBNA has explained that it agreed a preferential loan rate of 9% which I understand would have been less than the usual interest rate he was paying on his credit card. As MBNA has also waived interest and charges on Mr W's credit card, he will not end up paying more interest than he otherwise would have had to, even if MBNA had closed the credit card account as agreed. So, I don't consider it fair to require MBNA to waive interest on the loan account as well.

If Mr W considers that MBNA was irresponsible to agree the loan in the first place, I think he would need to raise this with them. But I don't agree that by failing to close the credit card account after it had been repaid, that MBNA was guilty of predatory or irresponsible lending as Mr W suggests.

Although Mr W wants MBNA to remove any negative information about the loan and credit card account from his credit file, I haven't seen anything to suggest that it has so far reported any negative information. MBNA has confirmed to us that if Mr W keeps up with his minimum monthly payments, it won't report any negative information about his credit card account. If this changes in the future or if MBNA has already reported any negative information, I don't see why Mr W could not raise his concerns with MBNA before coming back to us for help if needed.

Mr W has suggested that MBNA combines the outstanding balances into one interest free debt which he then repays at £200 each month. Mr W is free to put this suggestion to MBNA but as part of resolving his current complaint, I don't require it to agree to reduce the outstanding debts and/or combine the outstanding balances into a lower interest free monthly repayment.

I am sorry to disappoint Mr W but for the reasons set out above, I consider MBNA has already done enough to put things right, so I don't require it to take further action in response to his complaint.

My final decision

My final decision is that I don't uphold this complaint in the sense that I find MBNA has already done enough to put things right for Mr W.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 August 2025.

Gemma Bowen

Ombudsman