

Complaint

Miss S has complained about a credit card MBNA Limited ("MBNA") provided to her. She says the credit card was irresponsibly provided as it was unaffordable for her.

Background

MBNA provided Miss S with a credit card with a limit of £500 in September 2022. The limit on the credit card was never increased.

One of our investigators reviewed what Miss S and MBNA had told us. And he thought MBNA hadn't done anything wrong or treated Miss S unfairly in agreeing to provide her with a credit card. So he didn't recommend that Miss S' complaint be upheld.

Miss S disagreed and asked for an ombudsman to look at the complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss S' complaint.

Having carefully considered everything, I've decided not to uphold Miss S' complaint. I'll explain why in a little more detail.

MBNA needed to make sure it didn't lend irresponsibly. In practice, what this means is MBNA needed to carry out proportionate checks to be able to understand whether Miss S could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it 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 be able to show that it didn't continue to lend to a customer irresponsibly.

MBNA says it initially agreed to Miss S' application after it obtained information on her income as well as her monthly living costs and also carried out a credit search on her. And the information obtained indicated that Miss S would be able to make the low monthly repayments due for this credit card. On the other hand, Miss S says that she shouldn't have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Miss S was provided with a revolving credit facility rather than a loan. This means that MBNA was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £500 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information MBNA obtained from Miss S about her income and what was on the credit search carried out. MBNA says that Miss S declared an annual salary of £20,000.00 and paid £175 a month towards housing costs. Miss S did have an account that had previously been in arrears. However, the amount of Miss S' active credit was low.

In these circumstances, I don't think that Miss S' previous difficulties mean that she shouldn't have been lent to in the way that she suggests. Ultimately, it was up to MBNA to decide whether it wished to accept the credit risk of taking on Miss S as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to her going forward. I'm satisfied that MBNA did mitigate this risk by providing Miss S with a low credit limit, on a 0% interest card, to begin with.

I accept that Miss S appears to be suggesting that her actual circumstances may not have been fully reflected either in the information he provided, or the information MBNA obtained. Miss S has referred to what she considers to be indicators of the fact that she was struggling to manage credit. She has said that she went over her existing revolving credit limits on more than one occasion. I'm sorry to hear to hear about Miss S' difficulties.

However, Miss S is relying on a copy of her full credit report when making these arguments. Lenders do not obtain a copy of a customer's full credit report when determining whether to lend to a customer. Typically, a lender will obtain a snapshot of what the customer owed, whether there was any significant adverse information – such as defaulted accounts or county court judgments - recorded against them and whether the customer is up to date with their payments on any active accounts at the time of the application. MBNA did that here.

Equally, I don't consider it fair and reasonable to expect it to have included information it couldn't have known about when making its lending decision. Furthermore, there was nothing on MBNA's credit check to indicate that Miss S had late payments on her active and existing revolving credit accounts at the time of this application and while there has been mention of Miss S having a county court judgment ("CCJ") recorded against her, this was obtained in April 2023, which was significantly after her application for this credit card.

As this is the case, MBNA can't be expected to have known that this would happen and I cannot reasonably say that this is something that it ought to have factored into its assessment.

In reaching my conclusions, I've also considered whether the lending relationship between MBNA and Miss S might have been unfair to Miss S under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that MBNA irresponsibly lent to Miss S or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Miss S' sentiments and I'm sorry to hear about her situation, I'm satisfied that MBNA carried out proportionate checks before providing this credit card to Miss S. So I don't think that MBNA treated Miss S

unfairly or unreasonably and I'm not upholding this complaint. I appreciate this will be very disappointing for Miss S. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 29 September 2025.

Jeshen Narayanan
Ombudsman