

The complaint

Mrs B complains that MBNA Limited registered a default on her account after she'd contacted them with a repayment proposal.

What happened

Mrs B holds a credit card account with MBNA.

Mrs B has experienced financial difficulties and hasn't made a payment on the account since June 2024. MBNA sent letters to Mrs B on 20 July 2024, 8 August 2024, 16 August 2024 and 17 September 2024.

In September 2024 Mrs B contacted MBNA and outlined her financial situation. She requested that her debt be converted into a 4 year repayment plan with interest frozen.

MBNA placed a 30 day hold on the account and wrote to Mrs B confirming this. It also waived interest on the account.

MBNA wrote to Mrs B in November 2024 to confirm that there was no payment arrangement in place. Mrs B didn't make any payments, so MBNA issued a Notice of Default on 12 December 2024 advising Mrs B that the account was at risk of defaulting if she didn't make a payment or contact them by 30 December 2024.

Mrs B wrote to MBNA on 30 December 2024 requesting a 4-year payment plan. MBNA defaulted the account on 20 January 2025.

Mrs B complained to MBNA. She was unhappy that her request for a 4-year plan was rejected and that her account had been defaulted instead. Mrs B was also unhappy with the way her account had been handled and said that MBNA had breached persistent debt guidelines.

MBNA issued a final response on 19 March 2025. It said that an account being in persistent debt was different to Mrs B being unable to maintain payments on the account due to financial difficulties. It said it hadn't made an error in the administration of the account. It said as soon as Mrs B made them aware of her financial difficulties it stopped interest. MBNA acknowledged that Mrs B had requested a 4-year repayment plan but said that where a customer has long term difficulties the account would be closed and defaulted and any payment made would reduce the outstanding balance.

Mrs B remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said he was satisfied that MBNA had acted fairly when it defaulted the account because no payment had been received for 6 months.

Mrs B didn't agree. She said that MBNA had failed to meet its obligations under the persistent debt rules and shouldn't have defaulted the account without taking steps to support a customer in financial difficulty.

Because Mrs B didn't agree I've been asked to review the complaint.

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 know it will disappoint Mrs B but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the recent history of the account. No payments have been received to the account since June 2024.

I've reviewed the available correspondence. MBNA sent letters to Mrs B in July, August and September 2024 asking her to contact them about the arrears on the account. Mrs B contacted MBNA in September 2024 and explained that she was in financial difficulties.

When MBNA became aware of Mrs B's financial difficulties it placed the account on a 30 day hold and froze interest. This was to give Mrs B time to put forward a payment plan.

MBNA contacted Mrs B in November 2024. No payment plan had been agreed, and no payments had been received from Mrs B. The account was now 5 months in arrears. MBNA issued a Notice of Default on 12 December 2024 informing Mrs B that the account was at risk of defaulting unless she made a payment or contacted them by 30 December 2024. The account was defaulted in January 2025.

I've looked at what happened here to decide whether MBNA treated Mrs B fairly. Mrs B has said that she asked for forbearance. Where a customer is in financial difficulties, I'd expect a provider of credit to respond positively and sympathetically. In this case, MBNA placed a 30 day hold on the account and froze interest, which I think was reasonable.

I appreciate that Mrs B had requested a 4 year payment plan with interest frozen. MBNA have explained that they rejected this because in circumstances where a customer has long term financial difficulties – as is the case here – the procedure is to close the account (which would include the account defaulting) and apply any payments received to reduce the outstanding balance.

The Information Commissioners Office guidelines state that lenders can default an account where there are at least 3 months arrears and that accounts should be defaulted when the arrears reach 6 months. Based on what I've seen, Mrs B's account met this criteria, so I'm unable to say that MBNA made an error when it issued the Notice of Default and defaulted the account.

Mrs B has asked for the default to be removed. However, MBNA – like all providers of credit – is under an obligation to report accurate information to the credit reference agencies. This service can only ask a lender to remove a default if it has been registered in error,. Based on what I've seen here, the default has been correctly registered.

Taking all the available information into consideration, I'm not persuaded that MBNA has made an error or treated Mrs B unfairly when it defaulted the account. The account was six months in arrears and the required communications were sent to Mrs B.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 21 August 2025.

Emma Davy
Ombudsman