

## **Complaint**

Mrs D has complained that MBNA Limited (“MBNA”) irresponsibly provided with credit cards as well and subsequent credit limit increases to her.

She says that she was provided with these cards provided her with very large credit limits over a short period of time. This resulted in her being left with large balances which she wasn’t able to repay after the interest free period had ended.

## **Background**

MBNA provided Mrs D with three separate credit cards.

Card A was provided to Mrs D, with a credit limit of £3,000.00, in August 2016. It appears as though the credit limit on this card was increased to £4,500.00 in around February 2017.

Card B was provided to Mrs D, with a credit limit of £3,800.00, in January 2017.

Card C was provided to Mrs D, with a credit limit of £4,500.00, in February 2017.

The credit limit on these cards were never increased.

One of our investigators reviewed what Mrs D and MBNA had told us. She eventually reached the conclusion that she hadn’t seen enough to be persuaded that MBNA failed to act fairly and reasonably either when providing Mrs D with her credit cards, or limit increase on Card A. So the investigator didn’t recommend that Mrs D’s complaint be upheld.

Mrs D disagreed with the investigator’s conclusions and asked for an ombudsman to look at her 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 Mrs D’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mrs D’s complaint.

I think that it would be helpful for me to set out that we consider what a firm did to check whether repayments to credit were affordable (asking it to evidence what it did) and determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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 that information – 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, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator's rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is a for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement was affordable, this doesn't on its own meant that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances were we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I kept this in mind when deciding Mrs D's complaint.

MBNA says it agreed to Mrs D's applications for these credit cards after it obtained information on her income and carried out a credit searches. The information obtained indicated that Mrs D would be able to make the monthly repayments that could be due on credit limits of £3,000.00, £3,800.00 and £4,500.00 (twice). On the other hand, Mrs D says that she shouldn't have been lent to or had her credit limit increased.

I've considered what the parties have said.

MBNA hasn't been able to provide the output of the credit checks that it carried out before agreeing to Mrs D's applications for these credit cards, or the limit increase on Card A. Nonetheless, I've not been provided with any indication that Mrs D had any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") recorded against her, at the time of these applications.

From the information provided, it looks like Mrs D declared that she was employed and earning £37,500.00 a year. Furthermore, while I note that there has been some discussion that Mrs D had a mortgage in early 2017, the information from the time showed that Mrs D declared that she was living at home with parents at the time she applied for all of these cards.

What's important to note is that Mrs D was provided with revolving credit facilities rather than a loan. And this means that to start with MBNA was required to understand whether a credit limit of £3,000.00 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £3,000.00 required reasonable monthly payments be made, rather than the whole amount to be paid in one go, in order to clear the full amount owed within a reasonable period of time.

Bearing in mind what Mrs D declared in August 2016 and there wasn't anything to suggest that what had been declared was inconsistent or difficult to explain, I'm satisfied that the checks MBNA carried out before providing Mrs D with Card A were reasonable and proportionate.

As I've explained, in the background section of this decision MBNA provided Mrs D with a second and a third credit card. These credit cards had limits of £3,800.00 and £4,500.00. It also agreed to increase the credit limit on Card A to £4,500.00 around this time too. The result of all of this means that once Card C was provided, MBNA was required to understand whether Mrs D could repay a total of £12,800.00 within a reasonable period of time.

It's important to note that a reasonable period of time isn't defined in the rules. Although, the guidance indicates that the typical term associated with repaying a loan of this much provides a useful yardstick. A typical term for a loan for around £13,000.00 would be around five years.

I appreciate that Mrs D was going to take advantage of balance transfer offer and pay no interest on the credit card debt being transferred for a period of 14 months. Nonetheless, given the amount of the likely increased monthly payments as well as the number of applications that Mrs D made within a relatively short period, I do think that it would have been reasonable and proportionate for MBNA to find out a bit more about Mrs D's regular living costs before offering the credit limit increase on Card A as well as Card B and Card C.

I can't see that MBNA did do this. So I'm not persuaded that the checks carried out before the limit increase to Card A, or Card B and Card C were offered were reasonable and proportionate.

As MBNA didn't carry out sufficient checks before the limit increase to Card A, or Card B and Card C were offered, I've gone on to decide what I think it is more likely than not to have seen had it obtained further information from Mrs D. In order to do so, I've looked at the information Mrs D has provided with a view to recreating what a proportionate check is likely to have shown.

To be clear, I've not carried out a forensic analysis of Mrs D's bank statements and all of the information she's provided in order to determine whether the credit card payments that could be due, if Mrs D used all of the extra credit provided, were affordable for her. After all, MBNA wasn't required to obtain bank statements from Mrs D. I've simply considered what MBNA is likely to have done if it had taken reasonable steps to obtain the information that I think was missing from its checks.

As I've explained, bearing in mind the circumstances here, I would have expected MBNA to have supplemented what it would have found out about Mrs D's existing credit commitments, from the credit searches it carried out, with information about Mrs D's actual income and her regular living expenses.

Having considered everything, I'm satisfied that the information provided does appear to show that MBNA finding out more about Mrs D's actual income and regular living expenses is unlikely to have seen it reach a different lending decision. I say this because it looks like when Mrs D's regular and committed living expenses at the time are added to her credit commitments and then deducted from her income, she did have sufficient funds left over in order to make sustainable repayments to this additional credit.

I accept that Mrs D's circumstances changed almost immediately after being provide with the additional credit. It looks like Mrs D was in the process of purchasing a property and

obtaining a mortgage when applying for this additional credit. The information provided shows that Mrs D was making payments to a joint mortgage from April 2017 onwards.

As it can take up to 90 days for credit reference agencies to reflect new accounts (including mortgages) and Mrs D declared that she was living at home with parents, I don't think that MBNA could reasonably be expected to factor in what Mrs D would go on to have to pay for her mortgage, even though these applications are likely to have been made during the period of the property purchase.

So I don't think that MBNA carrying out further checks would have led it to conclude that Mrs D couldn't have made the required payments to additional credit applied for. If anything, it would quite reasonably have concluded that she is likely to have had lower outgoings as she wouldn't have to pay interest on the debts that she was transferring, in the way that she was prior to these applications.

In reaching my conclusions, I've noted what Mrs D has said about being provided with a number of increases in credit over a short period of time. Mrs D is correct in saying that this sometimes can be indicative of issues. As I've explained earlier, I do think that this ought to have led to MBNA carrying out further checks. However, given I've explained that any further checks are unlikely to have shown the additional credit to be unaffordable, I'm not persuaded that there were issues here, or that the pattern of borrowing itself was a reason for MBNA to have declined Mrs D's applications.

Indeed, it wouldn't have been unusual for MBNA to have offered a customer a credit limit of £12,800.00 at the outset. So it would be somewhat strange for me to conclude that it deciding to offer Mrs D this total amount in stages was unfair, in circumstances where I'm satisfied that it carrying out further checks would have shown it that £12,800.00 was affordable for her.

Overall and having considered everything, while I'm sorry to hear that Mrs D found making the payments her credit cards a struggle and she ended up in difficulty, I don't think that MBNA treated Mrs D unfairly or unreasonably when providing her with her credit cards or increasing her credit limit. And I'm not upholding Mrs D's complaint. I appreciate this will be very disappointing for Mrs D. 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 Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 14 August 2025.

Jeshen Narayanan  
**Ombudsman**