

## **The complaint**

Mr D complains MBNA Limited trading as MBNA (MBNA) failed to carry out sufficient financial checks before it approved a credit card account for him.

## **What happened**

Mr D says MBNA approved a credit card facility with a credit limit of £2,400 in June 2020. Mr D says at that time he already had existing debt outstanding and was regularly making only the minimum monthly payments on his revolving credit commitments. Mr D says if MBNA had taken more care in checking his financial situation at that time, it would have seen the new borrowing was unaffordable.

Mr D wants MBNA to refund all interest and charges along with 8% simple interest and to remove any adverse entries on his credit file relating to this credit card account.

MBNA says it is a responsible lender and carried out various checks before approving the credit card account for Mr D. MBNA says it carried out checks using credit reference agencies (CRA's) data, the declared income and expenditure in Mr D's application and its own internal credit scoring and affordability modelling. MBNA says it is not required to evidence proof of income when providing such credit facilities.

MBNA says from the data it used, Mr D's disposable income showed he could afford the monthly commitment of the new credit card account and pointed out that the facility was used to repay four existing credit card debts, and this was provided at 0% interest for 13 months.

MBNA says Mr D repaid the balance in full in May 2022 and July 2022 and shortly after making a large transaction on the account in August 2022, it received a notice from a debt management company. At this point MBNA says it suspended the interest, putting Mr D in an arranged payment plan. MBNA says it acted responsibly when it approved the credit card account in June 2020.

Mr D wasn't happy with MBNA's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there are no set list of checks lenders like MBNA must carry out before it approves credit facilities, but these must be borrower focused taking into account the amount, type, term and cost of any borrowing.

The investigator says while MBNA did carry out affordability checks, he didn't feel these were proportionate, so he obtained copies of Mr D's bank statements for the three months prior to the credit card being approved in June 2020. From this information the investigator concluded that Mr D had more than sufficient available disposable income to meet the monthly commitment of the credit card approved by MBNA and therefore felt its decision to lend was fair.

Mr D didn't agree with the investigator's view and asked for the matter to be referred to an

ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn that Mr D is going through financial difficulties and that must be a source of worry to him. When looking at this complaint I will consider if MBNA acted irresponsibly when it provided a credit card account for Mr D in June 2020.

Mr D's complaint centres around the fact MBNA failed to carry out sufficient financial checks before it approved a £2,400 credit card account facility for him in June 2020, and if it had it would have seen the new borrowing was unaffordable. Mr D says if MBNA had scrutinised his bank statements and payslips thoroughly it would have seen his net disposable income wasn't as their affordability modelling suggested.

While I understand the points Mr D makes here, I'm not fully persuaded by his argument and I will go on to explain why.

The first thing to say here, as pointed out by the investigator, there's no set list of rules of what checks lenders like MBNA must undertake when looking to provide facilities to its customers, but these should be proportionate and take into account the sustainability and affordability of such a commitment. What is important is that those checks are borrower focused and take into account the amount, type, term and cost. It's also worth saying it's not for me to tell MBNA where those checks must come from or what sources it must use.

From the information I have seen, before the credit card limit was agreed, MBNA carried out credit checks using data from CRA's, undertook income and expenditure assessments and referenced information contained in Mr D's application, in which he declared he was employed earning circa £24,000 per annum with housing costs of around £400 per month.

From these information sources I can see MBNA established a strong credit score which met its lending criteria. MBNA then carried out its own affordability modelling, using both industry standard data and Mr D's own declared income and expenditure, and this showed a strong level of net disposable income to meet the new borrowing approved. MBNA also evidenced there were no record of defaults, CCJ's or any arrears on his existing borrowing commitments.

It's also worth mentioning here that Mr D used the MBNA £2,400 credit card facility in the main, to repay existing revolving credit facilities of approximately £2,100 - as part of the balance transfer zero interest rate offered to him. So, it's not unreasonable to suggest that would have resulted in Mr D's financial outgoings being reduced, certainly for the next 13 months while it was in place.

The investigator felt MBNA's checks here weren't proportionate and obtained sight of Mr D's bank statements for three months leading up to the credit card approval. Having said that, on inspection of those bank statements the investigator concluded from his calculations, Mr D's disposable income was more than sufficient to meet the monthly commitment for the new credit card account and therefore the lending decision was fair.

I take a different view on this, as apart from the fact there's no obligation for MBNA to require

sight of bank statements or payslips, I wouldn't expect it to carry out the same level of intensive due diligence for this type and amount of borrowing, as one might expect to see for say a large longer term loan commitment. So, while Mr D feels the assessment of his true disposable income hasn't been recognised, I'm satisfied taking everything into account MBNA even with sight of those bank statements, would have also concluded the borrowing was affordable.

With that in mind I'm satisfied MBNA carried out reasonable and proportionate financial checks before it approved the credit card account and its lending decision was fair.

While Mr D will be disappointed with my decision, I won't be asking anymore of MBNA here.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 August 2025.

Barry White  
**Ombudsman**