

Complaint

Mrs H has complained about a credit card MBNA Limited (“MBNA”) provided to her. She says she shouldn’t have been provided with a credit card that had such a high credit limit which was unaffordable for her.

Background

MBNA provided Mrs H with a credit card with an initial limit of £5,400.00 in August 2020. The credit limit was increased to £6,050.00 in March 2021 before it was finally increased to £7,550.00 in July 2024.

When it investigated Mrs H’s complaint, MBNA agreed that it shouldn’t have increased Mrs H’s credit limits on the occasions that it did. However, as Mrs H never used the additional credit that she was provided with access to, no compensation was due in relation to this matter. However, it credited Mrs H’s account with £60 to account for any distress and inconvenience she may have been caused. Mrs H remained dissatisfied and referred her complaint to our service.

One of our investigators reviewed what Mrs H and MBNA had told us. And she thought what MBNA had already done to put things right was fair and reasonable in all the circumstances of the case. So she didn’t recommend that Mrs H’s complaint be upheld. Mrs H disagreed with the investigator and asked for an ombudsman to look at her complaint.

As Mrs H never had a balance over £5,400.00 and therefore never used the additional credit made available to her as part of the limit increases, I’ve limited my consideration of Mrs H’s complaint to MBNA’s decision to provide her with a credit card with a limit of £5,400.00.

My findings

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

Having carefully considered everything, I’m satisfied that what MBNA has already done to put things right for Mrs H is fair and reasonable in all of the circumstances of her complaint. So I’m not requiring it to do anything more or anything further and I’m not upholding Mrs H’s complaint. I’ll explain why in a little more detail.

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 H’s complaint.

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 Mrs H 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 agreed to Mrs H's application for a credit card after it obtained information on her income and carried out a credit search. In its view, this information showed that Mrs H would be able to make the monthly repayments due on a credit limit of £5,400.00. On the other hand, Mrs H says that the credit card was unaffordable.

I've considered what the parties have said.

What's important to note is that Mrs H was provided with a revolving credit facility rather than a loan. And this means that to start with MBNA was required to understand whether a credit limit of £5,400.00 could be repaid within a reasonable period of time, rather than all in one go. It's important to note that a reasonable period of time isn't defined in the rules.

From the information provided, it looks like Mrs H declared that she was employed and received an income of around £28,000.00 a year, which it cross-checked against information from credit reference agencies on the funds that she received into her main bank account each month. Mrs H also declared that she didn't pay anything towards her living costs as she lived at home with parents.

MBNA's credit check did not indicate that Mrs H had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her. However, these checks will have shown that Mrs H did have some existing debts - some of which were on credit cards.

Mrs H says that she shouldn't have been lent to because of her existing debts. However, I note that this credit card had a 0% interest rate offers for balance transfers. And Mrs H had the option of transferring some of her existing credit card debt, to a much lower interest rate, on to this account.

Indeed, I think that Mrs H applied for this credit card in order to transfer existing balances on to this account at 0% interest. I'm therefore satisfied that Mrs H was always likely to pay less interest than she would have done had the balance stayed where it was and she was therefore able to make larger inroads into her balance.

Nonetheless, I think that given the amount being lent here and the credit which MBNA was already aware of, there is a reasonable argument for saying that it would have been reasonable and proportionate for MBNA to find out a bit more about Mrs H's actual non-credit related expenditure before offering this credit card.

However, I don't think that proportionate checks would have extended into obtaining bank statements. I say this particularly as there is no requirement for a lender to obtain statements from a customer. Nonetheless, having considered the evidence Mrs H has provided, I don't think that MBNA obtaining further information on Mrs H's non-credit related expenditure at the time and supplementing what it knew about her credit commitments, is likely to have led it to conclude that she did not have the funds to sustainably make the repayments due.

I'm sorry to hear that Mrs H found it difficult to repay her credit card. However, I don't think that MBNA could reasonably have anticipated that this would happen. And even though I

think that there's an argument for saying that MBNA's checks ought to have gone further – and extended into finding out about Mrs H's actual living expenditure, I don't think that it doing so would have seen it make a different lending decision as a result.

In reaching my conclusions, I've also considered whether the lending relationship between MBNA and Mrs H might have been unfair to Mrs H 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 Mrs H 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 I don't think that MBNA treated Mrs H unfairly or unreasonably when providing her with her credit card. So I'm satisfied that what MBNA has already done to put things right is fair and reasonable in all the circumstances and I'm not upholding Mrs H's complaint. I appreciate this will be very disappointing for Mrs H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Mrs H's complaint, I would remind MBNA of its obligation to exercise forbearance and due consideration given what Mrs H has said about her financial situation during the course of this complaint and it be the case that she experiences difficulty repaying her credit card balance.

I would also encourage Mrs H to get in contact with and co-operate with any steps that may be needed to review what, if anything, she might be able to repay going forward should she be having difficulty. Mrs H may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with MBNA's actions in relation to exercising forbearance on the outstanding balance.

My final decision

For the reasons I've explained, I'm not upholding Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 17 November 2025.

Jeshen Narayanan
Ombudsman