The complaint

Miss A complains that MBNA Limited trading as MBNA lent irresponsibly when it approved her credit card application.

What happened

Miss A applied for an MBNA credit card in January 2022. In her application, Miss A gave her annual income of £33,000 that MBNA calculated left her with £2,175 a month after deductions. MBNA carried out a credit search and says Miss A was making monthly repayments of £220 towards her outstanding debts. No adverse credit, defaults or recent missed payments were found on Miss A's credit file. MBNA found three credit searches completed in the previous six months.

MBNA carried out an affordability assessment and used £450 housing cost Miss A provided along with an estimate for her general living expenses of £459 a month. After taking Miss A's outgoings into account, MBNA says she had a disposable income of £1,046 a month. MBNA approved Miss A's application and issued a credit card with a £5,000 limit.

MBNA says Miss A used the credit card in the main for balance transfers, benefiting from a promotional interest rate, and made regular payments of £170 a month towards the balance. MBNA says that it was in October 2024 that Miss A's payments fell behind and in January 2025 she asked for support.

Earlier this year, Miss A complained that MBNA lent irresponsibly and it issued a final response. MBNA said it had carried out the relevant lending checks before approving Miss A's credit card and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss A's complaint. They thought MBNA's lending checks should've gone further given the size of the new credit limit it went on to approve. The investigator reviewed Miss A's bank statements to get a clearer picture of her circumstances in the months before her application to MBNA was made. They thought Miss A's bank statements showed she had sufficient disposable income to sustainably afford repayments to a new credit card with a £5,000 limit and didn't agree MBNA lent irresponsibly.

Miss A asked to appeal and said MBNA had failed to carryout out proportionate checks when looking at her application. Miss A said MBNA should've seen she had multiple credit commitments, was overdrawn, had a high utilisation of her existing credit and frequent gambling transactions. As Miss A asked to appeal, her complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say MBNA had to complete reasonable and proportionate checks to ensure Miss A could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that MBNA used when considering Miss A's application above. Miss A's income was given as £33,000 and that figure was verified by MBNA via a service provided by the credit reference agencies. A credit search was completed that found no adverse credit, defaults of recent missed payments. I understand Miss A's explained her monthly repayments for her existing debt, which stood at around £6,000, was closer to £500. But the credit search results showed a monthly repayment of £220 towards Miss A's existing debts. In addition, MBNA carried out an affordability assessment, relying on the £450 rent figure Miss A provided in the application, her credit commitments and estimates for her regular outgoings.

With the above being said, I think the investigator makes a reasonable point when they say the new credit limit of £5,000 was reasonably large and had the potential to increase the amount Miss A owed significantly. In the circumstances, I agree there's an argument to say MBNA's lending checks could've gone further to ensure they were proportionate. One option available would've been to review Miss A's bank statements for the preceding months which is the approach I've taken.

I've reviewed Miss A's bank statements for October, November and December 2021. I found Miss A's income was broadly in line with the figure she provided in the application and averaged £2,010 a month. In addition, I can see Miss A was receiving a £200 contribution towards the rent each month. I looked at Miss A's outgoings for items like her rent, which was £650 a month, utilities, credit commitments (including the payments she was making to the other credit cards), mobile phone costs and insurances. I found Miss A's regular outgoings averaged around £1,500 a month. That meant Miss A had around £700 a month remaining to cover her other outgoings like food, fuel and general living expenses. In my view, that figure would've been sufficient to sustainably afford a new credit card with a limit of £5,000.

In response to the investigator, Miss A said her bank statements showed evidence of regular gambling transactions. But I didn't see that in the three months I looked at. In addition, Miss A said she had very high credit utilisation when she applied but I think it's reasonable to say the aim of the application was to complete balance transfers that would reduce her outgoings and mean repayments could be used to reduce the balance quicker.

I can see Miss A was overdrawn for much of the time throughout the three months I looked at. And I saw two direct debits that were returned in the three months period. Whilst I agree that can be a sign of financial difficulties, the payments were quickly made up. And whilst I'd have expected MBNA to take note of those issues, I’m not persuaded that would’ve been sufficient to cause it to decline the application.

I’m sorry to disappoint Miss A but I haven’t been persuaded that MBNA lent irresponsibly. In my view, Miss A’s bank statements show she was able to sustainably afford repayments to the new credit card. Whilst I agree there were grounds to carry out additional checks before deciding to proceed, I think it’s more likely than not that MBNA would’ve still taken the decision to approve the application if it had done so. As I haven’t been persuaded MBNA lent irresponsibly, I’m unable to uphold Miss A’s complaint.

I’ve considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I’ve already given, I don’t think MBNA lent irresponsibly to Miss A or otherwise treated her unfairly. I haven’t seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don’t uphold Miss A’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss A to accept or reject my decision before 26 September 2025.

Marco Manente
Ombudsman