

The complaint

X complains that MBNA Limited hasn't accepted a promissory note he sent to it as means to clear the balance on his credit card account.

What happened

C took out a credit card account with MBNA in March 2023. He was provided with a credit limit of £6,600. He used the account to transfer some balances. He consistently made at least the monthly minimum repayments to the account to pay off the outstanding balance up until August 2024.

In August 2024, X sent MBNA a promissory note alongside a £5 note. The £5 was deducted from the outstanding balance on the account on 28 August 2024. However, MBNA said it didn't accept promissory notes as a means of repaying the account, and so the account went into arrears, and X made no further payments to the account.

X says that "MBNA is in breach of lawful, financial, and data obligations. Despite my issuing a certified promissory notice as full settlement of the alleged account, MBNA failed to acknowledge or lawfully process it in accordance with the Bills of Exchange Act 1882. Furthermore, the promissory note was retained and used without consent, constituting acceptance by conduct under commercial law".

X adds that MBNA didn't respond to his data subject access request (DSAR) or provide him with an original signed contract. And he says MBNA, unlawfully reassigned the account to a debt purchaser without proof of assignment.

X says that his account was removed from reporting by one of the credit reference agencies (CRA's), so this shows that there is no debt owed to MBNA.

He adds that the result of all of this has led to distress, credit harm, dishonour and spiritual harm.

MBNA responded to X's complaint, but it didn't uphold his concerns. It explained that it was worried X had been given incorrect advice. It explained that X's account was in arrears with it, and this had been reported to the CRA's. It said it was concerned X had been told that by sending a promissory note would mean he didn't have to pay back the debt, but this isn't the case. It explained that X had signed a credit agreement which essentially meant that he agreed to the terms and conditions, which included being responsible for paying the debts due under the agreement.

An Investigator considered the information provided by both parties, but they didn't uphold X's complaint. They explained that a promissory note isn't legal tender and can't be used to settle a debt. They explained that a promissory note is just a promise to pay, and that there was already such promise in place with MBNA by way of credit agreement. The Investigator explained that the terms and conditions of the agreement X entered into with MBNA state that the debt can be sold if payments are missed.

X didn't agree with the Investigator's view. I have summarised his main points below:

- MBNA accepted the £5 he sent alongside the promissory note as repayment. He states that the £5 is also a promise to pay.
- The CRA has removed the MBNA account from reporting which shows that the debt is unenforceable.
- He referred to various pieces of case law and legislation that he feels supports his position.
- MBNA breached data protection and consumer protection law by selling the debt.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 considered all of the evidence available, I don't uphold X's complaint. I'll explain why below.

I'll start by saying that X has provided this Service with a lot of information and reference to laws he thinks are applicable, quotes and case law he thinks are relevant. I have thought about everything he's said, but I haven't commented on much of that in this decision. That's because while I'm required to take the law into account, I am ultimately required to make my decision on what I feel is fair and reasonable in the circumstances. It's also worth noting here that only a court can make the finding that a firm has acted unlawfully.

MBNA has sent me a copy of the credit agreement that has been electronically signed by X – the agreement was taken out online and so an electronic signature is an acceptable way for MBNA to be satisfied that the terms and conditions of the agreement had been accepted. X hasn't disputed that he took out the account in the first place. And so, I'm satisfied that he applied for the card, signed the agreement, and in doing so, accepted MBNA's terms and conditions – which explained X's responsibilities in how the account should be managed.

The terms and conditions he agreed to said that at least the minimum repayment would need to be made by the payment due date each month – it also states that payments aren't treated as received until they reach the account in cleared funds. The terms and conditions and statements provide information about how a payment could be made each month. This explains that payments could be made by direct debit, at any bank, debit card, online banking, cheque, and telephone banking. Promissory notes aren't listed anywhere in any of the documents I have seen as an acceptable payment method, and so I'm persuaded that MBNA didn't act outside of its own terms and conditions when it decided not to accept the promissory note as a way to clear the balance on the account. In addition to this, in order for MBNA to have treated the payment as having been received, the funds would need to have cleared the account – a promissory note isn't legal tender and so won't clear in an account.

I'm satisfied that X was likely aware of the ways that payments were accepted by MBNA, given that he had made monthly repayments to the account from when the account was opened in March 2023 until he stopped making payments in August 2024 – so for more than a year.

I note that MBNA did accept the £5 note X sent to it as payment towards the account. I accept that this isn't listed in its terms and conditions as a way it would accept payments. That being said, it is ultimately up to MBNA to decide how it wants to accept payments – just because it has accepted a banknote issued by the Bank of England on this occasion, doesn't mean that it was unreasonable of it not to accept the promissory note.

Ultimately, a promissory note isn't considered legal tender. It would be unreasonable to expect MBNA to have accepted this as a way to settle the debt.

Because repayments weren't made in line with the terms and conditions of the account, X's account was defaulted and recorded with the CRA's. As I understand it, one of the CRA's has removed the account from being reported. I don't know why it has done that. But it doesn't support X's position that this debt isn't owed. It just means that the CRA has taken the decision not to continue reporting it.

The terms and conditions allow MBNA to sell on a debt where there has been a breach in the agreement, as is the case here. There's nothing unfair or unreasonable about this. And I'm not persuaded that its actions in doing this has breached any kind of data protection or consumer protection laws. I note X says he didn't consent for MBNA to reassign the debt, but he didn't need to explicitly consent as he had already done this when he agreed to MBNA's terms and conditions. The responsibility for notifying X about the sale is the party who purchased the account. I understand X raised this issue and it's been addressed in a separate complaint against the debt servicer.

X says that MBNA didn't provide him with a DSAR request when he asked for it. MBNA says the first request it received from X was on 22 August 2024. And it has sent evidence to show that it provided the DSAR on 9 September 2024. I don't uphold this part of X's complaint, as I can see the DSAR was sent.

Overall, I haven't seen anything that leads me to the conclusion that MBNA has acted unfairly or unreasonably in relation to the points raised by X.

My final decision

For the reasons set out above, I don't uphold X's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 12 December 2025.

Sophie Wilkinson
Ombudsman