

The complaint

Mr O complains about the administration of his MBNA Limited credit card.

What happened

Mr O holds a credit card with MBNA and is unhappy with several issues. In summary:

- In March 2024, Mr O took advantage of an interest-free money transfer offer; Mr O paid a £500 fee to draw down £10,000 from his credit card, at a promotional 0% rate for 12 months. Afterwards though, Mr O thought he was still being charged interest.
- In December 2024, Mr O's card was unexpectedly blocked – something he says caused him significant inconvenience, in particular with regular payments he makes to some merchants. He also said his credit file had been impacted.
- MBNA had referred to conversations which, Mr O says, didn't ever happen. It had also sent him letters about being in financial difficulty, which wasn't the case. Mr O was unhappy with the inaccuracy.

In November 2024, Mr O began complaining to MBNA about what had happened. MBNA investigated his concerns and, broadly, it upheld his complaint. MBNA said:

- Mr O's credit card had indeed been blocked incorrectly. A letter from Mr O – in which he'd queried interest charges – had erroneously been taken as a request to suppress interest. This error, in turn, had set off a chain of automated events which led to Mr O's card being blocked and general letters about financial difficulty being issued. The content of some letters referred to conversations about financial difficulty, which hadn't taken place.
- It would pay Mr O a total of £113.38 – that was comprised of £75 compensation for the incorrect blocking of his credit card, and a refund interest charged in December 2024. That payment was in addition to £44.20 which had already been refunded earlier, and it would also waive interest for the following two months.
- It hadn't charged interest on Mr O's money transfer, but it had correctly charged interest on his retail purchases as per its terms.
- Mr O could show a copy of the final response letter to any parties affected by the incorrect blocking of his card, as a way of explaining what had happened. Mr O could also apply to add a "notice of correction" to his credit file, if it had been adversely affected as a result of the error.

Mr O wasn't happy with MBNA's response, and he contacted this Service for an independent review; he said he wanted a refund of the £500 he'd paid for his money transfer, and an additional compensation payment for the trouble caused. An Investigator here looked at what had happened and, having done so, they thought MBNA had already done enough to put things right. While there's no doubt MBNA had indeed made errors here, the steps it had taken in refunding some interest, and compensating Mr O, was enough.

Mr O disagreed, and he asked for an Ombudsman's decision; so, as no agreement has been reached, the complaint has been passed to me to decide.

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.

At the outset, I'll say that I can certainly understand Mr O's considerable frustration and disappointment at how MBNA administered his credit card. It is odd, to say the least, that MBNA thought Mr O was in financial difficulty on the basis of a letter – written in a personal, not professional, capacity – questioning interest, and without having spoken with him in more detail. That said, the fact is that mistakes do happen; and I think that is, ultimately, what this matter comes down to.

Given there are several facets to Mr O's complaint I have, for ease, dealt with each in turn.

The block applied to Mr O's credit card

I don't need to make a formal finding on whether the blocking of Mr O's credit card was a mistake; it was, and all parties accept that. What's left to examine here is the impact the block had on Mr O, and whether MBNA has done enough to put things right. So, setting aside, for the moment, the obvious frustration and inconvenience of not being able to use the card for some time, I've looked at what Mr O has also told us about payments to merchants and his credit file.

From the information I have, there's nothing I've seen which means I can safely conclude – unequivocally – that MBNA's actions alone contributed to any drop in credit score, for example, or led to adverse information being recorded. Mr O has kindly set out how he had to carry out some remedial administration with one merchant; that he agreed a short payment holiday with another, and that he incurred some embarrassment when trying to use his card in a supermarket. I've no reason to doubt any of that, but I have nothing like a copy of Mr O's credit file, for example, which would allow me to see if any adverse data was recorded by other parties *and* likely attributable to MBNA's error. I've seen our Investigator asked for it, but it doesn't appear as though any demonstratable evidence was supplied; and without it – while I'm appreciative of the information Mr O did provide – I can't reasonably determine that MBNA's actions were the sole reason for any impact to his credit file.

Returning to the inconvenience Mr O experienced, I'll say here that determining the "right amount" of compensation isn't an exact science. Our website sets out some examples which Mr O can read if he'd like to do so, but broadly – looking holistically at what happened here, and considering how long the impact lasted – I consider the actions already taken by MBNA to be enough. That'll disappoint Mr O, of course, but my view is that a £75 compensation payment, a refund of around £80 in interest, and a further waiver of interest for two months is, in the round, a fair and reasonable remedy in the circumstances. So, I don't require MBNA to do any more in regard to this point.

MBNA's correspondence

In a similar fashion to what I've said about the block applied to Mr O's card, I don't think I need to make a formal finding on whether an error occurred here. Again, it did; the two issues are intrinsically linked.

MBNA accepts that it mischaracterised a letter from Mr O – believing it to be a letter from a debt management firm when, in reality, it was simply Mr O querying interest charges in a personal capacity. That error started a chain of automated procedures which implemented a hold on interest and charges; issued generic letters about financial difficulty and blocked the card. That's no doubt going to have been confusing and frustrating for Mr O – but as I've said above, I think the remedial actions MBNA enacted did enough to put things right. So, I won't direct any further award in Mr O's favour solely as a result of the correspondence Mr O received; I think the apology and explanation provided by MBNA in its final response letter, in conjunction with the compensation payment, interest refunds and interest waiver, addresses the issue appropriately.

The interest charged

I don't think MBNA has erroneously charged Mr O interest on his money transfer here. Based upon what information I have, any interest he's incurred has been as a result of retail purchases, *not* his money transfer. MBNA does set that information out in its statements and Mr O's are no different; they display the interest charged for different transaction types, the respective rates and any applicable expiry dates of promotional rates.

With that in mind, I can't fairly say MBNA has made an error in generally charging Mr O some interest. The information I have suggests that interest was legitimately incurred, and it follows that I don't have reason to ask that MBNA reimburse Mr O the £500 fee he paid for the money transfer – either as a goodwill gesture, or because of an error.

Overall

I know this won't be the outcome Mr O is hoping for, and I am sorry to disappoint him; there's no doubt that MBNA did make some avoidable errors here. That said, for the reasons I've explained, I think MBNA has since done enough to put things right.

As a final point, I know Mr O said previously that he hadn't received the interest refund from MBNA but, from what I've seen, it has been paid and applied to his credit card. Our Investigator did pass that evidence on to Mr O, and he didn't offer any further comment in response other than to ask for this decision; but for completeness, I'm satisfied that MBNA has taken the action it said it would.

In closing then, MBNA made some errors for which it then appropriately offered a fair and reasonable resolution. It follows that I don't require it to take any further action, and I don't uphold this complaint.

My final decision

My final decision is that I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 17 October 2025.

Simon Louth
Ombudsman