

The complaint

Mr S is unhappy that when he asked MBNA Limited to offer an arrears repayment plan to him, they declined to do so.

What happened

Mr S has an MBNA credit card which fell into arrears towards the end of 2024. In December 2024, Mr S spoke with MBNA and agreed to make a payment of £451.59 by 14 January 2025, which would clear the outstanding arrears and bring the account up to date.

On 14 January, Mr S spoke with MBNA and explained that he couldn't make any payment to his account. This meant that the arrears payment plan failed and the amount of arrears on Mr S's account grew. After discussion with Mr S, MBNA agreed a second arrears payment plan, wherein Mr S would pay £530.90 by 13 February, which would again clear the arrears and recover the position of Mr S's account.

However, on 10 February, shortly before the payment was due, Mr S called MBNA and explained that he again couldn't make any payment to his account. This meant that the amount of arrears on Mr S's account grew further. MBNA discussed Mr S's situation with him and agreed a three-month payment plan wherein Mr S would make three payments of £282.72, with the first payment being due on 14 March.

Mr S didn't make any payment on 14 March, and on 20 March he spoke with MBNA again and negotiated a fourth payment plan, which was a four-month plan wherein Mr S would make four payments of £271.51 with the first payment due on 14 April. However, Mr S didn't then make a payment on 14 April as he'd promised to. This led MBNA – who'd last received a payment from Mr S in November 2024 – to issue a default notice to Mr S, which they did on 24 April.

Mr S spoke with MBNA on 2 May and asked for a new payment plan on his account. But because of Mr S's history of not adhering to agreed payment plans, as well as the fact that MBNA had already issued a default notice, MBNA declined to offer a new plan to Mr S and relied instead on the payment requirements as set out in the default notice. Mr S wasn't happy about this, and he also wasn't happy that he hadn't received a default notice. So, he raised a complaint.

MBNA responded to Mr S but didn't feel that they done anything wrong by declining to offer him a fifth repayment plan or by sending the default notice to Mr S, which they confirmed that they had done. Mr S wasn't satisfied with MBNA's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that MBNA had acted unfairly towards Mr S and so didn't uphold the complaint. Mr S disagreed, so the matter was escalated 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.

Mr S feels that MBNA have acted unfairly towards him by not offering him a fifth arrears repayment plan in May 2025, after he failed to make any payments towards the previous four arrears payment plans that he had agreed with MBNA.

Upon consideration, I don't feel that MBNA have acted unfairly towards Mr S in this regard. There are several reasons for this, the first being that Mr S hadn't made a payment towards his MBNA account since November 2024, which meant that there had been arrears on his account for approximately six-months, and which had been growing steadily throughout that time.

Credit providers such as MBNA have an obligation to not allow account holders who can't make their contractually required payments to their accounts to not fall deeper into arrears indefinitely. And it's generally expected that a credit provider would move to default an account when that account has remained in arrears for between three to six months.

In this instance, it's clear that MBNA did try to give Mr S the opportunity to clear the arrears on his account and avoid it being defaulted. But MBNA can only reasonably provide a limited number of such opportunities to Mr S, and when the arrears on Mr S's account approached six months, as they did when Mr S failed to make a payment in April towards the fourth payment plan he'd agreed, it seems both fair and reasonable to me that MBNA would issue a default notice to Mr S at that time, and would decline any further payment plan requests from Mr S.

Indeed, given MBNA's obligations towards credit account holders, as previously explained, I'd likely consider MBNA to have acted irresponsibly if they hadn't issued a default notice to Mr S when they did. And speaking more generally, given that Mr S had already failed to adhere to four previous payment plans that he'd agreed to, it seems reasonable to me that MBNA would have no faith that Mr S would honour a fifth payment plan, and so would decline to offer a fifth plan to him.

Ultimately, Mr S didn't make a payment to MBNA for several months. This is an act of default. Mr S has not adhered to his contractual payment obligations as per the credit agreement. It therefore seems fair and reasonable to me that MBNA would move to default his account.

Mr S has said that the actions of another bank, about which he has complained separately, directly led to his being unable to make his payments to MBNA. But the complaint details that Mr S has provided to this service about this other complaint show that it was raised in the name of a limited company, and not in Mr S's personal name or capacity. As such, while Mr S may be a director of the limited company involved, I don't feel that this other complaint has any direct bearing on my consideration here.

It also must be noted that the primary aspects of this other complaint – that the limited company's loan was defaulted for non-payment and its business current account closed – were considered by another ombudsman who didn't feel that anything unfair had happened and who therefore issued a non-uphold decision. And while a secondary service aspect of the complaint is being considered separately, and may be decided in the limited companies favour, even if I felt that other complaint was relevant here, it's very difficult to see how the potential upholding of that secondary aspect in the limited company's favour should reasonably have any impact on whether MBNA have acted fairly towards Mr S in his

personal capacity, given the lack of payment that he has made to his personal credit account

Mr S is unhappy that MBNA didn't issue a default notice to him and that he only found out that his account was under threat of default when he spoke with MBNA directly. But MBNA have demonstrated to my satisfaction that they sent the default notice to Mr S in the post to the address that Mr S has confirmed to this service as being correct. Of course, it doesn't necessarily follow that Mr S will have received the default notice. But if that letter wasn't successfully delivered to Mr S by the postal service, then that isn't something that I'd hold MBNA accountable for, given that the delivery of mail is undertaken by a postal service over which MBNA have no direct control.

Additionally, by his own admission, Mr S did become aware of the default notice before MBNA defaulted his account. And MBNA have also provided a copy of the default notice to Mr S as part of their response to his complaint. As such, there is no adverse outcome here.

Finally, Mr S has made several further points of complaint about the actions of MBNA following the issuance of their complaint response letter. These further points of complaint sit outside the scope of what I can consider here. If Mr S remains dissatisfied about these points, he should contact MBNA and raise a new complaint about them. Once MBNA have had a formal opportunity to consider and respond to those further points, Mr S may have the right to refer them to this service, should he wish to do so.

All of which means that I don't feel that MBNA have acted unfairly towards Mr S as he contends, and it follows from this that my final decision is that I do not uphold this complaint or instruct MBNA to take any form of alternative action. I trust that Mr S will understand, given what I've explained, why I've made the final decision that I have.

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 S to accept or reject my decision before 9 December 2025.

Paul Cooper
Ombudsman