

The complaint

Mr C complains that MBNA Limited are still reporting a default to the credit reference agencies (CRA's) despite his credit card account debt having been sold to a debt purchaser, and the debt purchaser reporting the same.

Mr C is being represented in bringing his complaint to this Service; however for ease of reading, I'll refer to any submissions made by his representative, as having been made by him.

What happened

Mr C says that in January 2024, MBNA defaulted his account and reported this to the CRA's. In March 2024, MBNA sold the credit card debt to a debt purchaser, who I'll refer to as "C". Despite this, MBNA are still reporting the default, as well as C, which has resulted in two defaults being reported against him for the same debt.

Mr C referred to Section 136 of the Law of Property Act 1925, which he says shows that once a debt has been legally assigned and notice has been served, the original creditor no longer retains the right to report it. He adds that MBNA's continued reporting of the default is inaccurate and misleading. He's also referred to data protection legislation and the Financial Conduct Authority's (FCA) Consumer Credit Sourcebook (CONC) to support his view.

Mr C also adds that MBNA hasn't provided him with a Deed of Assignment as proof of the lawful transfer of his debt.

He adds that MBNA's reporting has had a negative impact on his credit score and is hindering his ability to be able to obtain a mortgage. He says this is all having a big impact on him. And to put things right, he wants MBNA to remove the default and pay him compensation.

MBNA responded to Mr C, but it didn't uphold his complaint. It said it had updated his credit file to show the debt had been settled and sold – it did this in March 2024. It said that only the default recorded by the debt purchaser would be affecting Mr C's credit score.

An Investigator considered the evidence provided by both parties, but they didn't think Mr C's complaint should be upheld. The Investigator explained that the reporting was correct, and his credit file showed that the defaults related to the same account. The Investigator also referenced information provided by the Information Commissioner's Office (ICO) which supported their view that the reporting was right.

Mr C didn't agree with the Investigator's view. In summary, he said that the reporting was disproportionate and that MBNA had continued to report high level markers after the account had been defaulted and sold. He said that after the default, MBNA should have stopped reporting monthly arrears. He also said it isn't clear from the reporting that the two accounts are the same. In addition to this, MBNA hadn't provided a Deed of Assignment (DOA) – a Notice of Assignment (NOA) isn't sufficient to show transfer of 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 everything available to me, I don't uphold Mr C's complaint. I appreciate this decision will come as a disappointment to him; however, I will explain how I have reached my outcome below.

Before I do that, I want to make it clear that I have read and taken into account all of the information provided by both parties, in reaching my decision. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint. I say this, as I'm aware I have summarised Mr C's complaint in less detail than he has.

Credit file reporting

When C took over the account it continued the reporting of the default – which meant there were two defaults being reported on Mr C's credit file. Mr C feels it is wrong for MBNA to be reporting this information given that it has sold the account on. So, I have looked to see if it is fair and reasonable of MBNA to continue to report the default, and I think it is.

I've considered information published by the ICO. On the ICO's 'Credit' page under the 'FAQs', it says:

One of my defaulted accounts has been sold on to a debt collection company. This debt is now appearing twice on my credit file. Is this right?

If it is clear from looking at the two entries that they relate to the same account, with the same default date and balances and the original debt is clearly showing as settled then it is likely that we would consider this to be fair in terms of the data protection law. However, if the entries are recorded on your credit file in a way that may look like they are two different debts, or that could make the debt remain on your credit file for longer than six years from the date of the original default it is unlikely that we would consider this to be fair.

So, I need to look at Mr C's credit file, to make sure MBNA are reporting the default in line with what the ICO have said.

MBNA are reporting a default date of 9 January 2024, a default balance of £6,448, and the debt is showing as "Satisfied". In addition to this, it is reporting that the credit started on 9 September 2018.

C are reporting a default date of 9 January 2024, a default balance of £6,448, and credit start date as 9 September 2018.

Based on this, I'm satisfied that MBNA are correctly reporting the default to the CRA's and in line with the information published on the ICO's website. In my view, it is clear that the entries relate to the same debt, and so I won't be asking MBNA to make any amendments to what it is reporting.

Mr C has also referenced the Principles on Reciprocity (SCOR). He states that, under SCOR 5.2 and the ICO guidance, when an account is sold the original lender must clearly state the purchaser, and the purchaser's entry must clearly identify the same account. I haven't seen anything in information published by the ICO that states this to be the case, and given what its website says, I'm satisfied that MBNA are reporting correctly. I've also looked at guidance published by SCOR, but again, I haven't seen anything which leads me to conclude that MBNA have reported Mr C's account incorrectly. Therefore, I'm not of the view that MBNA are incorrectly reporting the default, and I'm satisfied that it is clear that the account with MBNA has been closed, and that C has continued with the reporting of the account.

Mr C also states that MBNA has incorrectly reported arrears markers for over a year after the default. Having looked at his credit report in relation to this, I don't agree this to be the case. The numbers on the report range from "1" to "8". Number "1" to "6" represent the number of months the account has been in breach of the terms and conditions – for example where repayment has been missed or late; and "8" represents a default. So, in this case, the default date is recorded as 9 January 2024. There is one entry showing as "8" with a balance of £6,448 – which is likely to be the reporting that happened shortly after the account defaulted in January 2024. Then the following month is also recorded as "8", but with a balance of £0, which correlates with the debt being sold to C. There isn't any information being recorded after these two entries, so I'm satisfied that MBNA stopped reporting monthly arrears status's shortly after the account defaulted and was sold.

I can understand why Mr C might have been confused by the information – that's because the report says that it was 'last updated' on 10 March 2025; and the report states "Account Status Details: (1-12 months)" – which I presume Mr C has taken to mean that the reporting happened more recently; but I don't think it has. I say this because it is clear the account defaulted in January 2024, and this around the same time when the final bit of negative reporting is showing – therefore I haven't seen anything to suggest that MBNA has continued to report monthly arrears status's after the account was sold to C.

I note the report was showing as last updated in March 2025, we asked MBNA what had been updated, and they said this was a manual update – and the last automated update took place in March 2024. I don't know what was updated; MBNA hasn't told us this. But given that the report I've seen appears accurate, I won't be asking MBNA to do anything more for Mr C. And I'm also not persuaded that whatever the update was in March 2025, means that it has done something wrong or reported incorrectly.

Notice of assignment of the debt

Mr C says MBNA hasn't proven lawful assignment of the debt. That's because MBNA hasn't provided him with a copy of the DOA and a NOA isn't sufficient to legally show such transfer. As a starting point, I can't decide if any kind of assignment has been done lawfully (as this would be a matter for the court), but I can decide this on a fair and reasonable basis. The FCA sets out what's expected of financial businesses in the CONC rules. CONC 6.5.2 says:

(1) Where rights of a lender under a regulated credit agreement are assigned to a firm, that firm must arrange for notice of the assignment to be given to the customer:
(a) as soon as reasonably possible; or
(b) if, after the assignment, the arrangements for servicing the credit under the agreement do not change as far as the customer is concerned, on or before the first occasion they do.
[Note: section 82A of CCA]

(2) Paragraph (1) does not apply to an agreement secured on land.

(3) A firm may assign the rights of a lender under a regulated credit agreement to a third party only if:

(a) the third party is a firm; or

(b) where the third party does not require authorisation, the firm has an agreement with the third party which requires the third party to arrange for a notice of assignment in accordance with (1).

The rules here show that it is the debt purchasers' responsibility to have notified Mr C of the assignment of the debt by way of NOA. So, I can't fairly conclude here that MBNA has done anything wrong in relation to the NOA; because it was C's responsibility to send this.

I note that Mr C says that a DOA is required to prove assignment. Again, I suspect that this would be something for C to deal with. But even if I'm wrong here, the rules suggest that only a NOA needs to be provided to show assignment. If the DOA was legally required to be shared, I'd expect the FCA to explicitly set that out. Instead, the FCA only refers to the NOA. Therefore, I won't be concluding here that MBNA has done anything wrong in not providing Mr C with the DOA.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 25 February 2026.

Sophie Wilkinson
Ombudsman