

The complaint

Mr G complains that MBNA Limited trading as MBNA irresponsibly lent to him.

What happened

Mr G was approved for an MBNA credit card in August 2021, with a £3,900 credit limit. Mr G says this was irresponsibly lent to him, and he made a complaint to MBNA, who did not uphold his complaint. MBNA said that they can't agree that they had lent irresponsibly to Mr G.

Mr G brought his complaint to our service. Our investigator upheld Mr G's complaint. He said MBNA's checks were proportionate, but the checks showed Mr G wouldn't have enough disposable income to make sustainable and affordable repayments.

MBNA asked for an ombudsman to review the complaint. In summary, they said that Mr G would have the affordability to make the repayments on a £3,900 credit limit, so there was no information to prompt a concern with their checks. They said if further checks were needed, Mr G had disposable income of over £885 a month from the bank statements they saw, albeit they didn't have access to all of his various account statements.

MBNA said Mr G's account was well maintained, there were no missed payments, and he repaid the outstanding balance by May 2024. They said Mr G completed balance transfers which also would have increased Mr G's disposable income.

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 approve the credit available to Mr G, MBNA needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks MBNA have done and whether I'm persuaded these checks were proportionate.

MBNA said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mr G had provided before approving his application. Mr G declared a gross annual income of £27,895.

The CRA was not showing any defaulted accounts or County Court Judgements for Mr G. He was not in any arrears on any accounts at the time of the checks, and he hadn't had any arrears on any accounts in the six months prior to the checks.

MBNA completed an affordability assessment for Mr G using information Mr G gave them, such as his housing costs, information from a CRA about Mr G's credit commitments, and

modelling to estimate Mr G's essential living costs.

But after all of these were deducted from Mr G's net income, I'm not persuaded that Mr G had enough disposable income to afford sustainable repayments for the MBNA credit card, and have enough disposable income for any increases to his priority bills, or have disposable income for any emergencies.

So I do think that MBNA's checks were proportionate, and they didn't need to complete further checks here, because the information they had suggested Mr G wouldn't be able to make sustainable and affordable payments after all of his outgoings had been considered. So it wouldn't be proportionate for them to request Mr G's bank statements based on what their checks showed. So I won't comment on what Mr G's statements do show as it wasn't proportionate for MBNA to have requested these.

I've considered what MBNA have said about the balance transfers increasing the amount of disposable income that Mr G would have. But while Mr G's application shows he intends to transfer a balance, the "*balance transfer amount*" was showing as £0. So MBNA would not have been aware of how much Mr G wanted to transfer at the time they completed the checks for this lending decision.

I've considered what MBNA have said about how Mr G managed his account. But this would only be known to them after they approved the account, not at the time they completed their checks. I'm not persuaded that this would affect the outcome of Mr G's complaint here.

So I'm persuaded that while MBNA's checks were proportionate, they didn't make a fair lending decision to approve the account with a £3,900 credit limit.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed at the end of this decision results in fair compensation for Mr G in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

Our investigator has suggested that MBNA takes the actions detailed below, which I think is reasonable in the circumstances. In addition to this, if MBNA do not own the debt anymore for the account, then they should also transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly.

My final decision

I uphold this complaint. MBNA Limited trading as MBNA should take the following actions:

MBNA should arrange to transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly;

Rework the account removing all interest, fees, charges, and insurances (not already refunded) that have been applied;

If the rework results in a credit balance, this should be refunded to Mr G along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. MBNA should also remove all adverse information regarding this account from

Mr G's credit file;

Or, if after the rework there is still an outstanding balance, MBNA should arrange an affordable repayment plan with Mr G for the remaining amount. Once Mr G has cleared the balance, any adverse information in relation to the account should be removed from Mr G's credit file.

**If MBNA considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr G how much they've taken off. They should also give Mr G a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 November 2025.

Gregory Sloanes
Ombudsman