

The complaint

Mr F complains that MBNA Limited lent irresponsibly when it increased the limit on his credit card.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

Mr F originally opened a credit card with MBNA in April 2017. MBNA approved a credit limit of £9,100. Mr F used the credit card and in June 2022 MBNA increased the limit to £12,000. Earlier this year, Mr F complained that MBNA lent irresponsibly when it increased his credit limit to £12,000 in June 2022. Mr F's explained that around this time he was struggling with severe mental health challenges, gambling heavily and was vulnerable as a result. MBNA sent Mr F a final response but didn't uphold his complaint. MBNA said it had carried out the relevant lending checks before approving Mr F's credit limit increase and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr F's complaint. MBNA supplied its business file and included the affordability checks completed before approving the credit limit increase. But the credit file results were not available to review. As a result, the investigator wasn't able to conclude MBNA carried out reasonable and proportionate checks before approving Mr F's credit limit increase. The investigator went on to review Mr F's bank statements for the months before the credit limit increase. They thought Mr F's statements showed he was able to sustainably afford the credit limit increase and didn't agree MBNA lent irresponsibly.

Mr F asked to appeal and said it was unreasonable to conclude proportionate checks were completed without sight of the credit file MBNA obtained. Mr F also said the disposable income figure used in the lending assessment failed to take the other information in his bank statements, like regular gambling, into account. Mr F acknowledged he hadn't told MBNA he was vulnerable but felt it should've been apparent by the way he was using his credit card. As Mr F asked to appeal his complaint has been passed to me to make a decision.

What I've provisionally 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 lend or increasing the credit limit, the rules say MBNA had to complete reasonable and proportionate checks to ensure Mr F could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;*
- The total sum repayable and the size of regular repayments;*
- The duration of the agreement;*

- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As our investigator noted, the credit file results obtained by MBNA haven't been provided so I can't now see what information it obtained about Mr F's existing commitments or credit history. In the absence of that information, I'm unable to verify that reasonable and proportionate checks were completed. As a result, I've reviewed the available evidence including Mr F's bank statements for the months before the credit limit increase, to get a clearer picture of his circumstances at the time.

I found Mr F had an average monthly income of £2,562 a month and average outgoings for items like rent, utilities, existing debts and mobile phone costs of £1,479. So on the face of it, Mr F had around £1,000 remaining each month to cover his other living expenses. But that's not the only thing Mr F's bank statements show.

Mr F's bank statements show he started using his bank account to make payments to gambling websites in March 2022, totalling £80. By the May 2022 bank statement, things escalated and Mr F made payments totalling £4,963 to bookmakers. And in June 2022, Mr F's bank statements show he made payments of over £30,000 to gambling websites. I note that Mr F took cash advances of £5,000 and £2,000 in May 2022 from his MBNA credit card which were paid into his bank account. Mr F went on to use those funds to gamble with. I can see Mr F did receive what appear to be winnings back into his bank account but they were very much outweighed by his losses. In my view, Mr F's bank statements show he was gambling at an escalating rate in the months before the credit limit increase. And Mr F's explained he was vulnerable due to his gambling and severe mental health challenges at this time.

In my view, Mr F's bank statements support his claim he was vulnerable at the time and unlikely to be in a position to sustainably afford an increase to his credit limit. I think it's more likely than not that if MBNA had carried out proportionate checks like reviewing Mr F's bank statements it would've quickly found he was gambling at an unsustainable rate and taken the decision to decline to increase his credit limit further. As a result, based on the information I've seen so far, I intend to uphold Mr F's complaint and direct MBNA to refund all interest, fees and charges applied to balances over £9,100 from June 2022.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr F 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.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision.

Mr F responded and said the cash withdrawals in May and June 2022 were indicators of gambling that MBNA should've acted on as part of its duty of care. Mr F also said that MBNA's decision to lend had caused distress and inconvenience and impacted his mental health.

MBNA responded and confirmed it's willing to settle in line with the provisional 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.

I'd like to thank Mr F for his response to the provisional decision and points raised. As I said in the provisional decision, Mr F had used his MBNA credit card in the period before the credit limit increase to take a cash advance. I realise the provisional decision I said there were two MBNA cash advances, but the account histories show Mr F took a cash advance of £5,000 in May 2022. The subsequent cash advances was approved after the credit limit increase had taken place.

Further, when the credit limit was increased to £12,000 the only outstanding balance was the £5,000 cash advance Mr F had taken. And the credit card history provided doesn't show a significant history of taking cash advances. So whilst I take Mr F's point he'd recently taken a cash advance, I'm unable to agree that in itself would've been sufficient to show MBNA he was vulnerable due to gambling. I'm sorry to disappoint Mr F but I haven't been persuaded to increase the award further.

Mr F's explained the way MBNA lent impacted his mental health and caused distress and inconvenience. I understand Mr F was going through a particularly difficult time and was gambling at a high rate. But I'm satisfied that a refund of the interest, fees and charges as set out in my provisional decision is a fair way to resolve his complaint. I'm sorry to disappoint Mr F but I haven't been persuaded to make any additional awards.

Having considered Mr F's complaint again, I remain of the view it should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr F's complaint and direct MBNA Limited to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £9,100 from June 2022
- If the rework results in a credit balance, this should be refunded to Mr F 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 recorded from June 2022 regarding this account from Mr F's credit file.
- Or, if after the rework the outstanding balance still exceeds £9,100, MBNA should arrange an affordable repayment plan with Mr F for the remaining amount. Once Mr F has cleared the outstanding balance, any adverse information recorded from June 2022 in relation to the account should be removed from their credit file. If MBNA has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

*HM Revenue & Customs requires MBNA to deduct tax from any award of interest. It must give Mr F a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 24 November 2025.

Marco Manente
Ombudsman