

The complaint

Mr B complains that Lloyds Bank PLC trading as MBNA (MBNA) irresponsibly entered into a credit card agreement with him and increased his credit limit.

What happened

In October 2020, Mr B applied for a credit card account with MBNA. He was given an initial credit limit of £8,400. This limit was increased to £11,950 in June 2021.

Mr B complained to MBNA to say that it should not have given him the credit card, or the subsequent credit limit increase. He said that had MBNA completed appropriate affordability checks it would have seen that the credit was unaffordable for him.

MBNA didn't uphold the complaint. It said that it had carried out appropriate checks which showed that Mr B could afford the credit limits it had provided him with.

Our investigator didn't recommend that the complaint should be upheld. They thought MBNA had completed proportionate affordability checks and there was nothing in the checks that suggested Mr B would not be able to afford the borrowing.

Mr B didn't agree, because he says other creditors have reduced the borrowing he had with them, which means this credit was also unaffordable. So, the complaint has been passed to me 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.

Before each lending decision, MBNA was required to complete proportionate checks to ensure the credit it was proposing to provide was affordable. There isn't a set list of checks a lender needs to complete in every case. Instead, MBNA needed to ensure it did enough based on the specific circumstances of that lending decision. The things MBNA needed to consider when deciding what was proportionate included (but wasn't limited to): the type and amount of credit, the size and frequency of the repayments, the cost of the borrowing and Mr B's circumstances.

Account opening

At the time of the credit card application, Mr B declared his annual income to be £42,000. MBNA completed a check and verified Mr B's monthly income to be approximately £2,700. Mr B declared his housing costs to be around £900 per month. MBNA conducted a credit check which showed that Mr B had existing unsecured borrowing, of which his monthly payments totalled around £515. After estimating Mr B's monthly essential living expenses (using statistical data) at around £440, MBNA calculated that Mr B's monthly disposable income was around £830.

The credit check revealed that Mr B was handling all his finances well. There were no recent adverse entries such as late payment markers, or defaulted accounts. I'm satisfied that MBNA completed reasonable and proportionate checks to determine whether the credit card account would be affordable to Mr B. I say this because there was nothing in these checks that would have concerned MBNA that Mr B was in any financial difficulty and he appeared to have enough income to support his outgoings.

MBNA estimated Mr B's monthly payments towards this account to be around £420, which would leave Mr B with around £410 disposable income each month. Because of this, I'm satisfied that MBNA's checks showed Mr B could sustainably afford the initial credit limit of £8,400.

Further, Mr B was taking advantage of a balance transfer offer. In doing so he would be reducing the interest payable in relation to his existing borrowing, which would help to improve his financial situation overall. For these reasons, I'm satisfied that MBNA made a fair lending decision when it provided Mr B with the credit card account and a credit limit of £8,400.

Credit limit increase

Before increasing the credit limit, MBNA conducted another credit check. This revealed no new adverse information since the account was opened. I'm satisfied this showed MBNA that Mr B was managing his accounts well and there were no signs of any financial struggles.

I have seen evidence of how Mr B managed the credit card account before the credit limit increase. I'm satisfied that he managed this account well, making at least the minimum payments and on time. There again were no signs of financial difficulties.

MBNA also conducted another check of Mr B's affordability. It verified that Mr B's monthly income totalled around £2,550 and estimated his outgoings to be around £2,385 (including repayments to the new higher credit limit). I consider the checks MBNA completed at this stage to be proportionate to the credit limit increase, because the checks showed no indication of any financial hardship or affordability concerns.

After accounting for the monthly repayments towards the increased credit limit, MBNA calculated that Mr B would be left with around £165 each month as disposable income. I'm satisfied that MBNA would have thought this a reasonable buffer of funds for Mr B to use in the case of emergencies and unaccounted for spending.

On balance, I'm satisfied that the checks MBNA completed were proportionate and it made a fair lending decision when it increased the credit limit to £11,950.

Did MBNA act unfairly in any other way?

I'm sorry to hear that Mr B has been struggling financially since MBNA increased his credit limit. However, I haven't seen any evidence to show that MBNA has acted unfairly when it became aware of this.

I understand that Mr B is unhappy with how he has been treated by MBNA in relation to his disability. Mr B says that he has asked for letters and e-mails only every time he communicates with MBNA, because he is speech impaired and finds it difficult to discuss matters over the telephone.

I have listened to a call between Mr B and MBNA that took place in June 2024. This call was conducted using the speech relay service. Mr B explained to the advisor that he always has used this service. During this call, Mr B confirmed his disability and it was agreed that MBNA would put a note on his account in relation to his disability and what support it can offer. It was explained to Mr B that this will help MBNA to support him whenever he calls, that the relay service was to be used each time and MBNA needs to be understanding and speak slowly whenever Mr B wanted to discuss the account. I'm satisfied that Mr B had the opportunity during this call to explain that he only wanted to correspond with MBNA via letters and e-mails. Instead, he agreed to notes being made on his account to use speech relay. I think that MBNA took appropriate measures to ensure it provided good customer service for Mr B in relation to his disability, by making the adjustments Mr B agreed to.

Since his limit has been increased with MBNA, Mr B says that his other creditors have taken action to reduce his debts, so this means that this borrowing with MBNA was also unaffordable. As explained above, I'm satisfied MBNA made fair lending decisions when it provided Mr B with credit on both occasions. Each complaint is assessed individually based on its own circumstances, and I've not found any reason to conclude that MBNA acted unfairly in this case.

So, I've not seen anything to persuade me that MBNA made unfair lending decisions in relation to the account opening or the subsequent limit increase.

In reaching my conclusions, I've also considered whether the lending relationship between Mr B and MBNA might have been unfair to Mr B under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that MBNA did not lend irresponsibly to Mr B, or otherwise treat him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

While it'll likely come as a disappointment to Mr B, I don't uphold his complaint against Lloyds Bank PLC trading as MBNA for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 April 2026.

Jenny Hiltunen
Ombudsman