

The complaint

Mr D complains that MBNA Limited trading as MBNA ("MBNA") failed to remove a debt from his credit file despite him offering a cheque to settle his credit card account, which they cashed.

What happened

In November 2023, Mr D sent MBNA a letter enclosing a cheque for £49.21 as full and final settlement of all claims related to his MBNA credit card.

MBNA cashed the cheque, which Mr D says meant they entered a legally binding contract with him to accept the settlement as a full discharge of the debt. Mr D says his letter including the cheque explicitly stated that banking it would constitute acceptance of the terms, including the removal of all credit file entries relating to the debt.

MBNA didn't remove the debt from Mr D's credit file. Mr D sent several complaints to them about this and received a final response letter in August 2025. MBNA said in this response that they hadn't made any errors as the information they were reporting about the account to Mr D's credit file was correct.

Mr D didn't agree and referred his complaint to our service. Our investigator didn't recommend that it should be upheld. He didn't agree that MBNA cashing the cheque meant there was no outstanding debt owed by Mr D in respect of the credit card account. And he said Mr D's argument that the debt wasn't enforceable was for a court to decide, although he did agree MBNA had misinterpreted Mr D's complaint by incorrectly referring to bankruptcy and requesting a Certificate of Discharge from him.

Mr D disagreed with our investigator. He said UK contract law supported his claim that MBNA entered a legally binding contract with him to treat the debt as fully discharged, when they cashed the cheque he sent to them.

Mr D asked for his complaint to be referred 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.

It's clear to me that Mr D feels very strongly about this matter. He's provided detailed submissions and provided several examples of case law and relevant legislation that he feels supports his position that MBNA has acted incorrectly.

Essentially, the question I'm considering is whether Mr D is correct in saying that a new legally binding contract was agreed between him and MBNA, when MBNA cashed the cheque after Mr D set out that doing so meant they accepted the debt would be fully discharged and that his credit file should be updated accordingly.

While I take relevant law and legislation into account, my role here is to determine whether

MBNA has acted fairly and reasonably in these specific circumstances.

It's not in dispute that Mr D set out in his covering letter enclosing the cheque that his offer was made in full and final settlement of the debt. But the fact is that no agreement had been reached between the two parties, for £49.21 or, for that matter, any other amount. As a result, I don't think MBNA was obliged to accept the amount as settlement of the debt and I don't think it would be reasonable of me to conclude that – in the act of cashing the cheque – MBNA waived its ability to take any further action.

Put simply, I'm not persuaded that saying the cheque is being offered in full and final settlement without first agreeing that a particular amount would suffice, allows Mr D to extinguish the full debt here. Nor am I persuaded, for much the same reasons, that MBNA unequivocally entered a binding agreement by cashing the cheque, rather than returning it to Mr D.

My view is that it's not inherently unreasonable of MBNA to ask a customer to repay what they've borrowed from it, or to record the relevant details of this on a customer's credit file. Particularly if it hadn't reached any prior agreement to accept a lesser amount to settle the debt.

It's possible that a Court would reach a different conclusion here, taking into account the submissions made by Mr D. But, as I explained, I reach my decision on what I consider to be fair and reasonable. And my view is that MBNA hasn't, in these circumstances, done something wrong.

I acknowledge that MBNA seems to have incorrectly referred to Mr D's obligations in respect of bankruptcy, but this doesn't make a difference to my findings on this complaint. And while MBNA seems to have questioned our jurisdiction to consider Mr D's complaint on the basis this was made in 2023, and responded to by them in 2023, thus making it too late for Mr D to refer to us, Mr D's complaint made in 2025 was about the reporting of the debt on his credit file. And, bearing in mind it seems MBNA did incorrectly refer to the bankruptcy process, I'm satisfied I'm able to cover the heart of this issue which is Mr D's assertion that he owes no money to MBNA and that his credit file should reflect that.

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

My final decision

I don't uphold this complaint.

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

Daniel Picken
Ombudsman