

The complaint

Mr R complains that MBNA Limited irresponsibly gave him a credit card and subsequently increased the limit several times, but he couldn't afford to repay the borrowing.

What happened

In December 2016, Mr R applied for a credit card with MBNA. He was given a credit limit of £3,800. The limit was increased three times, in June 2021 to £5,700, in August 2022 to £10,000 and in April 2024 to £15,000.

In December 2024, Mr R complained to MBNA to say that the credit card had been unaffordable to him from the outset. He said that MBNA ought to have realised he was struggling financially and that providing him with further credit would make his situation worse.

MBNA didn't agree it had acted unfairly when opening the credit card account or when it increased the credit limits. It said its affordability checks hadn't revealed any concerns about Mr R's ability to repay the borrowing.

Our investigator didn't recommend the complaint be upheld. She didn't think MBNA had completed reasonable and proportionate affordability checks. However, she wasn't persuaded that more detailed checks would likely have shown that any of the credit limits MBNA provided to Mr R were unaffordable. She therefore didn't think MBNA had made an unfair lending decision.

Mr R didn't agree. In summary, he said:

- MBNA's records for what affordability checks it carried out are limited, but it was required by FCA rules to keep relevant records. The lack of records should therefore be interpreted against MBNA, not in its favour.
- The current account statements he provided show clear risk indicators of financial difficulty. Reasonable and proportionate affordability checks ought to have identified affordability concerns.
- The disposable income figures highlighted by the investigator for the second and third limit increases allow for very small margins and don't fully reflect his full financial circumstances. This includes a reliance on overdraft borrowing, using credit to repay credit, increased credit commitments, reliance on money transfers and cashflow volatility.
- The regulator's rules required income and expenditure verification in circumstances where a large limit increase is requested and unsecured debts were high. MBNA did not do this and if it had it would have shown the increases in 2022 and 2024 were unaffordable.
- The final limit increase was approved at a time where he had been utilising a large

amount of the credit limit for a long period of time. His credit commitments had increased and there was a continued reliance on money transfers and balance transfers. The credit limit increase was substantial and required thorough affordability checks.

As there was no agreement, the complaint has been passed to me for a 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.

Mr R has made detailed representations throughout the complaint, including in response to the investigator's findings. I want to assure him I have carefully considered everything he has said and provided. I realise this will come as a disappointment to him, but I'm not persuaded that MBNA needs to do anything to put things right. I've set out my reasons for reaching this conclusion below.

Before granting credit or significantly increasing a credit limit, MBNA were required to complete checks to ensure the borrowing was likely to be affordable to Mr R. There isn't a set list of checks that MBNA were required to complete each and every time. Instead, the regulator's rules and guidance set out that any checks MBNA completed needed to be proportionate in the specific circumstances of each lending decision. What is considered proportionate can therefore differ depending on a number of variables.

In deciding what would be proportionate, MBNA needed to take into account things such as (but not limited to): the type of credit, the credit limit being provided, the size of any repayments, the cost of borrowing and Mr R's circumstances.

The account opening

I've reviewed a copy of the application Mr R completed when applying for the credit card. He declared he was employed earning an annual income of £31,000. He said he was a homeowner and was paying £570 towards his monthly mortgage commitment. MBNA also completed a credit check which showed that Mr R held a mortgage and had unsecured credit commitments totalling around £1,850.

MBNA hasn't provided the full extent of the credit checks it completed, such as how the various credit commitments had been managed. Without this, I can't fairly conclude that MBNA did complete proportionate affordability checks as it's possible it might have needed to do more based on what those checks showed.

However, even if MBNA should have done more, I haven't seen anything in the evidence Mr R has provided (by way of bank statements and a copy of his credit file) that would make me think that more detailed checks would most likely have revealed any affordability concerns when opening the credit card with a limit of £3,500. I say this because his income was broadly what he had declared, and this appeared to be sufficient to comfortably cover his essential living expenses and existing credit commitments. I think it's likely more detailed checks would have shown the borrowing to be affordable to him. I'm therefore not persuaded that MBNA made an unfair lending decision when it initially granted the credit card.

Before I address the three credit limit increases, Mr R has referred to various sections of the Financial Conduct Authority's Handbook and specifically a section he believes means MBNA were required to retain records of the checks it completed. The purpose of the sections Mr R has referred to aren't relevant to the considerations here. They do not require MBNA to have

retained those specific records for the purpose Mr R has highlighted. But even if I were wrong and those rules should be interpreted in that way, I don't think it makes any material difference to the outcome I've reached here.

This is because I have already made a finding against MBNA in the absence of it having those records. As it can't demonstrate it carried out proportionate checks, I've concluded that it didn't. But, despite that, I've seen no evidence that failing by MBNA caused it to make an unfair lending decision. For that reason, I don't consider it needs to do anything to put things right.

The credit limit increases

The information MBNA have been able to provide about the affordability checks it completed for each of the three credit limit increases is disappointingly limited. In summary, it has provided details it captured of Mr R's monthly income (although it's unclear how it obtained these figures), the details it recorded of his essential expenditure (again, it's unclear how these were obtained) and details of his unsecured credit commitments gathered from credit checks it completed.

For completeness, I'm not persuaded MBNA has done enough to demonstrate it completed reasonable or proportionate affordability checks for any of the credit limit increases. Given the size of the credit limits it was providing each time, I think it ought to have done more to verify Mr R's income and seek confirmation from Mr R about his committed essential expenditure. It ought to have also taken into account how Mr R was managing the MBNA credit card account. It's possible MBNA did these things, but that is far from clear from the information and evidence it has provided.

The first credit limit increase was in June 2021 to £5,700 (an increase of £1,900). MBNA's credit checks showed Mr R had around £8,500 in unsecured credit commitments (these were evenly split between loans and revolving credit). Mr R's MBNA credit card had a zero balance at that time and in the previous year had not exceeded £200.

Had MBNA completed more detailed affordability checks at this time, I've not seen anything from the information and evidence Mr R has provided to persuade me that a different lending decision ought to have been reached.

I've used copies of Mr R's bank statements to establish what MBNA would likely have found out about his financial circumstances had it done more thorough checks. To be clear, I don't consider it was necessary or proportionate for MBNA to manually review Mr R's bank statements for any of the limit increases. Instead, I think the statements show what they would likely have learned about Mr R's income and essential living costs had it done more.

Mr R's bank statements at the time indicate he had an income of around £2,500 and that this was sufficient to comfortably service his existing credit commitments (including the increased MBNA credit limit) and essential living expenses. While I accept it's possible the limit increase was actually unaffordable to Mr R at this time, I've not seen anything that makes me think proportionate affordability checks would likely have shown that to be the case. I therefore don't think MBNA made an unfair lending decision when increasing the credit limit the first time.

The second limit increase was in August 2022 to £10,000 (an increase of £4,300). Unlike the previous limit increase this was done at Mr R's request. From reviewing his credit card account activity he appears to have applied for this increase in order to benefit from a balance transfer promotional offer. Shortly after the limit increase was granted he transferred a balance of around £9,000 from another credit card.

Mr R says this ought to have caused MBNA some concern, but I don't agree. It appears Mr R was taking advantage of a 0% balance transfer offer, so his overall cost of borrowing on unsecured credit was actually reducing. Further, in transferring a balance from another card, he was not utilising the increased credit limit on new spending so his overall unsecured commitments weren't increasing either. It could therefore be argued this was beneficial, rather than detrimental to his overall financial position.

In any event, I do think (as I've set out earlier) MBNA ought to have carried out more detailed affordability checks before increasing the credit limit by such a substantial amount. Particularly as MBNA's credit checks showed Mr R's unsecured credit commitments had more than doubled in the previous year since the last credit limit increase. He held around £11,500 in loan balances and around £10,000 in revolving credit (although most of this revolving credit was transferred to the MBNA card after the limit increase).

I think it is worth highlighting that since the previous credit limit increase, Mr R's statement balance on his MBNA credit card had not exceeded £400 in any month. Further, he had often repaid substantially more than the required minimum repayment. This, coupled with the purpose for the request in the limit increase, will have understandably given MBNA some assurances that Mr R's financial circumstances were relatively stable despite the increase in unsecured debts.

Had MBNA completed more thorough affordability checks, I've not seen anything to persuade me that it should have reached a different lending decision. I've seen Mr R's monthly income had increased slightly to around £2,800 and this appeared to be sufficient to comfortably afford repayments towards his existing credit commitments as well as his essential living expenditure.

Further, the purpose of the increased credit limit did not result in an increase in unsecured debt and actually reduced Mr R's borrowing costs on his revolving credit commitments overall. Therefore, I don't think more detailed checks or questioning would likely have revealed any affordability concerns. For these reasons I'm satisfied MBNA didn't make an unfair lending decision when increasing the credit limit for a second time.

The final limit increase was in April 2024 to £15,000 (an increase of £5,000). Briefly, I don't think MBNA made an unfair lending decision in relation to this last limit increase for broadly the same reasons I've given for the other limits it provided (most notably, Mr R's monthly income had significantly increased to around £3,500, and his unsecured credit commitments had only marginally increased). However, I don't consider it necessary for me to make any detailed finding in relation to this final increase because it ultimately makes no material difference to the outcome I've reached on the complaint.

This is because even if MBNA had made an unfair lending decision when increasing the credit limit a final time, it has caused no financial loss to Mr R.

Having reviewed the account history, Mr R never utilised this additional credit that was provided. His balance nor spending on the account ever exceeded the previous credit limit of £10,000. Therefore, even if I was to uphold this final limit increase there would be nothing for me to award as the increased limit was never used. So not only do I think MBNA's lending decision in relation to the final limit increase was fair, but even if it wasn't, it hasn't caused any material loss to Mr R.

Financial difficulties

I've also considered whether at any point prior to Mr R raising his complaint with MBNA, there were signs of financial difficulty for which MBNA ought to have done more to step in

and assist Mr R.

Having reviewed the account history, I've not seen anything in the way Mr R managed his credit card account that I think ought to have caused MBNA concern about the possibility that Mr R might have been in financial difficulty. While I note he did occasionally carry out some money transfers and early in the account there were some late payments, I don't consider these in isolation ought to have caused any particular concern in this case.

I say that because the money transfer facility is there to be used, otherwise it wouldn't be a feature of the credit card account. And Mr R's use of that facility didn't appear to be problematic in that it wasn't frequent, nor did it suggest he was reliant on it (although I accept Mr R will disagree with me on this point).

Mr R went through periods of time where he was paying off substantially more than the minimum required on the credit card. I've not seen anything to persuade me that Mr R's management of other external credit during this time ought to have caused MBNA any concerns either. As I've highlighted already, while his unsecured credit commitments increased, so had his income, and it appears that more detailed affordability checks wouldn't have revealed any concerns about his ability to repay the borrowing sustainably.

Further, as I've highlighted already in this decision, Mr R's use of balance transfers were also arguably improving his overall financial position and shouldn't therefore have indicated any concerns. And finally, Mr R went through significant periods not utilising anywhere close to the full credit limit available to him by MBNA. Although I acknowledge that some things Mr R has now highlighted, with the benefit of hindsight, might have been cause for concern, at the time, I'm not persuaded it ought to have been obvious to MBNA that he was struggling, particularly because of many positive indicators of financial stability also being evident. Overall, I'm not persuaded that MBNA acted unfairly or unreasonably towards Mr R given the way the account was managed.

Lastly, in reaching my overall conclusions, I've also considered whether the lending relationship between MBNA and Mr R might have been unfair to Mr R under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think MBNA irresponsibly lent to Mr R or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 December 2025.

Tero Hiltunen
Ombudsman