

The complaint

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

What happened

Mr C was approved for an MBNA credit card in April 2022 for a £4,500 credit limit. Mr C says this was irresponsibly lent to him, and he made a complaint to MBNA, who did not uphold his complaint. MBNA said that the credit card repayments would be affordable for him. Mr C brought his complaint to our service.

Our investigator upheld Mr C's complaint. He said that further checks would have shown the credit limit wouldn't be affordable and sustainable for Mr C. MBNA asked for an ombudsman to review the complaint. They said that proportionate checks had been made originally, as they had verified Mr C's income via information from a Credit Reference Agency (CRA). They said his existing credit commitments were low, and he had a high disposable income.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"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 C, 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 CRA's and information that Mr C had provided before approving his application.

The information showed that Mr C had declared a gross annual income of £45,000. While Mr C declared he was an owner without a mortgage, he also declared mortgage/rent expenditure of £315 a month. But it is possible to own more than one property, so I don't find this statement to be a conflicting statement. If Mr C had made an error about his housing status, then he did tell MBNA that he was paying £315 a month towards his housing costs.

MBNA completed an affordability assessment. From the declared gross annual income that Mr C declared of £45,000, they calculated this to be around £2,822. The checks showed that MBNA had used modelling to calculate £501 a month living costs (which was higher than what Mr C declared), in addition to the £315 a month housing costs that Mr C declared. They also received information from a CRA that Mr C was paying £195 a month for his credit commitments. MBNA even added a £50 buffer to the expenditure. So at the end of the affordability assessment, MBNA determined that Mr C had around £1,761 a month disposable income to meet his MBNA credit card repayments.

The data from the CRA showed that Mr C had no County Court Judgements, no defaults, and he had no accounts in arrears at the point of application (and no arrears in the previous six months). There were no signs from the checks that MBNA completed that Mr C wouldn't be able to sustainably afford the repayments for the £4,500 credit limit.

So it wouldn't have been proportionate for MBNA to have requested further information from Mr C such as pay slips/bank statements. They didn't just take his word regarding his income, they used information from a CRA to verify it. And they didn't just take Mr C's word for his outgoings, they used modelling to increase the total outgoings Mr C told them he had – and they included a buffer. And there was no adverse information being reported by the CRA.

So I'm satisfied that the checks MBNA carried out here, prior to approving the application were proportionate and that MBNA made a fair lending decision to approve Mr C's application for the MBNA account and to give him a £4,500 credit limit.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that MBNA lent irresponsibly to Mr C or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here."

I invited both parties to let me have any further submissions before I reached a final decision. MBNA accepted the provisional decision. Mr C did not accept the provisional decision. He made a number of points. In summary, Mr C said that at no point did MBNA verify his income (such as requesting a pay slip/bank statement). He said MBNA carried out the affordability assessment, without carrying out a proper affordability assessment. Mr C said that he had used payday loans, high cost credit and he borrowed from family and friends to sustain his credit commitments.

Mr C said that the affordability assessment was inaccurate and a guess as it was unverified. He told us about his health at the time he applied for the account. Mr C forwarded his bank statements and other information to support that the lending was irresponsible. Mr C said he brought another complaint to our service which covered lending decisions around the same time as this lending decision and that complaint was upheld. He called into question inconsistencies between the two decisions, and that the provisional decision was different to the investigator's provisional decision on this complaint.

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.

Firstly, I'm aware that I've only summarised Mr C's response to the provisional decision. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'd like to thank Mr C regarding the detailed information he's provided to our service regarding his personal circumstances, and his financial situation before and during the lending being approved. I won't be going into great detail about what Mr C has told us in this decision to protect his identity, but I can assure him that I've read everything that he's said and sent us.

I've read what Mr C has said about inconsistencies in the decisions from our service as he says his other complaint with another lender for irresponsible lending was upheld. But I can assure Mr C that while he feels the complaints and the circumstances were similar, they were reviewed with consistency.

I can comfortably say this as I was the ombudsman who issued the decision on his separate complaint. There were differences between the two cases, I won't go into a great deal of detail here, as this complaint is about MBNA, not what actions another company did (or didn't do). But as Mr C has concerns about consistencies, I think it's only fair to address some of his concerns here.

Mr C has mentioned about this decision being different to an investigators view of the complaint. But as he is aware from his other complaint, an investigator and an ombudsman will complete their own investigation into what happened, and if the ombudsman disagrees with the view, they can change this – which is what happened on his separate complaint also.

Mr C's separate complaint wasn't fully upheld, it was partially upheld at the point of a credit limit increase (of which this complaint does not include an increased credit limit). The other company did not complete an affordability assessment at all for the credit limit increase, and his active unsecured debt had more than quadrupled since the initial lending decision. So there were differences between the two complaints even if the subject of them both were irresponsible lending. I hope this assures Mr C that since I was the ombudsman issuing the decision on both of his complaints that I have used the same approach on both of his complaints.

But each complaint which is brought to our service is judged on its own merits. Each lender may have different checks they complete, different information from different CRA's etc. So a partial uphold on a different complaint with a different lender does not equate to all irresponsible complaints brought by a complainant to be upheld.

I've considered what Mr C has said about MBNA verifying his income. But they aren't required to do this, as this wouldn't be proportionate to do this with every lending decision a lender makes. It's not clear why Mr C told MBNA his income was £45,000 if it wasn't. If Mr C was earning less than this, then by declaring a £45,000 income, this could be considered fraudulent, and a record could be entered onto his credit file. So there can be severe consequences of inflating income earned.

But I must make it clear to MBNA that I've taken this to be Mr C trying to prove a point about what someone could do, not what he has done. In Mr C's defence he may have declared £45,000 per annum of income, and earned less, but Mr C has also told us about his health affecting his ability to work, therefore he may have believed he would earn £45,000 per annum, but he may have ended up earning less.

I've considered what Mr C has said about the affordability assessment. But MBNA did ask him about his expenditure, and he declared £315 a month for his housing costs. But MBNA did complete further checks here. I said the following in the provisional decision:

"MBNA completed an affordability assessment. From the declared gross annual income that Mr C declared of £45,000, they calculated this to be around £2,822. The checks showed that MBNA had used modelling to calculate £501 a month living costs (which was higher than what Mr C declared), in addition to the £315 a month housing costs that Mr C declared. They also received information from a CRA that Mr C was paying £195 a month for his credit commitments. MBNA even added a £50 buffer to the expenditure. So at the end of the affordability assessment, MBNA determined that Mr C had around £1,761 a month

disposable income to meet his MBNA credit card repayments.”

Modelling is an industry standard way of estimating expenditure. And the outgoings from modelling showed higher expenditure than what Mr C declared. So it wouldn't be proportionate for MBNA to have asked for Mr C's bank statements, when they had already asked him what his outgoings were.

The CRA did not report any payday loans to MBNA. And the CRA told MBNA that the total number of credit searches in the last six months from Mr C was zero. So MBNA would not be aware of what Mr C has said about payday lending as it would be proportionate for them to act upon the information the CRA tells them.

The credit limit was 10% of Mr C's declared gross annual income. So based on the reasons I gave in the provisional decision, it wouldn't have been proportionate for MBNA to request further information from Mr C as there was no adverse credit information showing on the information the CRA reported to MBNA, the credit limit was a low percentage of his declared gross annual income, and they included higher outgoings in the affordability assessment than what Mr C declared. Any borrowings from family/friends would not be visible on his credit file, and he didn't report the outgoings for this to MBNA, so I can't reasonably say they ought to have reason to believe Mr C was borrowing money from friends/family.

If Mr C is struggling with his repayments to this account, then I would urge him to contact the owners of the debt to discuss his current financial situation with them, to see how they can assist him. MBNA should make Mr C aware of any impact different options may have on his credit file.

In summary, Mr C's response hasn't changed my view, and my final decision and reasoning remains the same as in my provisional decision. If Mr C is disappointed, I hope he understands my reasons.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 23 December 2025.

Gregory Sloanes
Ombudsman