

Complaint

Mr C has complained about credit cards MBNA Limited (“MBNA”) provided to him. He says that the credit cards shouldn’t have been provided as they were unaffordable for him and this caused ongoing financial difficulty.

Background

This complaint is about three separate credit cards that MBNA provided to Mr C. Mr C’s card history is as follows:

Card A – provided with a limit of £1,900.00 in June 2016

Card B – provided with a limit of £4,200.00 in January 2017

Card C – provided with a limit of £4,200.00 in July 2017

The credit limits on the accounts were never increased.

In May 2025, Mr C complained saying that he shouldn’t have been provided with any of these credit cards as all of them were unaffordable and caused him continued financial difficulty. MBNA did not uphold Mr C’s complaint as it didn’t think that it had done anything wrong when agreeing to provide the three credit cards.

When responding to our request for its file on Mr C’s complaint, MBNA told us that it believed Mr C had complained too late. One of our investigators reviewed what Mr C and MBNA had told us. And she thought MBNA hadn’t done anything wrong or treated Mr C unfairly in relation to providing these credit cards. So she didn’t recommend that Mr C’s complaint be upheld.

Mr C disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. MBNA has argued that Mr C’s complaint was made too late because he complained more than six years after it agreed to provide these credit cards to him; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr C’s complaint as being one alleging that the relationships between him and MBNA were unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about allegedly unfair lending relationships had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr C’s complaint. Given

the reasons for this, I'm satisfied that whether Mr C's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr C's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr C has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted on him going forward.

I'm therefore satisfied that Mr C's complaint can therefore reasonably be interpreted as a complaint about the fairness of his lending relationships with MBNA. I acknowledge that MBNA may not agree that we can look at Mr C's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr C's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr C's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and MBNA, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (MBNA) and the debtor (Mr C), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr C's complaint, I therefore need to think about whether MBNA's decisions to lend to Mr C, or its later actions resulted in the lending relationships between Mr C and MBNA being unfair to Mr C, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr C's relationships with MBNA are therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr C's ability to make his repayments in circumstances where doing so would have revealed the credit cards to be unaffordable, or that it was irresponsible to lend. And if this was the case, MBNA then didn't somehow then remove the unfairness this created.

I've considered Mr C's complaint in this context.

Our typical approach to complaints about irresponsible and unaffordable lending

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr C's complaint.

MBNA needed to make sure it didn't lend irresponsibly. In practice, what this means is MBNA needed to carry out proportionate checks to be able to understand whether Mr C could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Application to Mr C's complaint – Did MBNA act fairly and reasonably towards Mr C when agreeing to provide him with Card A?

MBNA says it agreed to Mr C's first application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr C would be able to make the relatively low monthly repayments due for this credit card. On the other hand, Mr C says that the credit card was unaffordable.

I've considered what the parties have said.

What's important to note is that Mr C was provided with a revolving credit facility rather than a loan. And this means that to start with MBNA was required to understand whether a credit limit of £1,900.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,900.00 didn't require especially high monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

Furthermore, I've seen the information MBNA obtained from Mr C at the time of his application and what was on the credit search carried out. MBNA says that Mr C declared he was full time employed with earnings of just over £30,000.00 a year. I understand that this is likely to have been cross checked against information from credit reference agencies and therefore, I'm satisfied that MBNA was entitled to rely on this declaration.

I understand that any credit search is likely to have shown that Mr C didn't have significant adverse information – such as defaulted accounts or county court judgments ("CCJ") - recorded against him either. Furthermore, the amount Mr C owed at that time was relatively well managed and wasn't excessive when considering the amount of his validated income.

Having considered all of this, I'm satisfied that the information MBNA had did indicate that Mr C could make the relatively low monthly repayments required to clear a balance of £1,900.00 within a reasonable period of time. As this is the case, I'm satisfied that it was not unfair for MBNA to offer Mr C this first credit card, with a limit of £1,900.00 and therefore there was no unfairness created at this stage.

The second and third credit cards

As I've explained in the background section of this decision, MBNA provided Mr C with further credit cards in January 2017 and July 2017. Both of these credit cards were provided with credit limits of £4,200.00. Bearing in mind the fact that Mr C had access to these cards at the same time as Card A, I've treated matters as if he was given access to £6,100.00 and then £10,300.00 and determined whether proportionate checks would have shown that he was able to repay these amounts within a reasonable period of time.

I've seen the information MBNA obtained from Mr C at the time of these applications. MBNA says that Mr C declared he was full time employed with earnings of around £35,000.00 a year. I understand that Mr C still had no significant adverse information recorded against him.

MBNA had refused applications for limit increases on Card A in the period between Card A being provided and these cards being provided. However, as Mr C has pointed out, this is more to do with the fact that MBNA had a policy of not agreeing to limit increases within six months of a card being opened, rather than because it believed that any further credit was simply unaffordable for Mr C.

Nonetheless, bearing in mind the extra being granted as a result of Card B and Card C and the fact that Mr C could be left with having to repay £6,200.00 and then £10,300.00 within a reasonable period of time, I do think that it would have been reasonable and proportionate for MBNA to have asked Mr C about his regular living costs before offering Card B and Card C to him. I can't see that MBNA did request such information from Mr C. So I don't think that it carried out reasonable and proportionate checks before providing these additional cards to Mr C.

As MBNA didn't carry out sufficient checks, I've gone on to decide what I think MBNA is more likely than not to have done had it carried out further checks on Mr C. As I've explained above, in order for its checks to have been proportionate, I would have expected MBNA to have asked Mr C about his committed living expenses.

I appreciate that Mr C says that he wasn't able to afford these additional credit cards and that making his payments resulted in his financial position worsening. However, this is an argument he's made after reviewing bank statements for multiple accounts. And MBNA wasn't required to review Mr C's bank account statements at all, let alone to the depth that he's reviewed them.

Such a level of analysis isn't always expected of a mortgage lender when deciding whether to provide a mortgage, let alone a credit card provider that is agreeing to provide unsecured credit in the form of a revolving credit facility. So while I appreciate that Mr C has gone to great lengths to demonstrate the full extent of his finances at this time, I'm not persuaded that the results of Mr C's analysis is indicative of what MBNA is likely to have found out if it asked him about his living expenses.

Furthermore, having extracted Mr C's committed and non-discretionary living expenses at the relevant times, I'm not persuaded that they necessarily show that, if asked, Mr C is bound to have declared living costs that would have resulted in MBNA declining to provide Card B and Card C to him.

In reaching my conclusions, I've noted that Mr C has referred to his other spending and has said that this meant MBNA shouldn't have lent to him. However, the reality is that MBNA didn't know about this spending. And as it wasn't required to obtain bank statements from Mr C, I don't think that it could reasonably be expected to know about this either. Therefore,

I'm not persuaded that Mr C's additional spending makes a difference, or means that MBNA acted unfairly in providing Card B and Card C to Mr C either.

Bearing all of this in mind, I'm not persuaded that MBNA requesting further information about Mr C's living costs, would have seen it deciding against offering Card B in January 2017 or Card C in July 2017. Consequently, I'm not persuaded that MBNA doing more here would, in any event, have made a difference to its decisions and I don't think that it was unfair for it to offer these credit cards, or that it doing so created unfairness either.

Overall, and based on the available evidence I don't find that Mr C's relationships with MBNA were unfair. I've not been persuaded that MBNA created unfairness in its relationships with Mr C by irresponsibly lending to him when providing any of the three credit cards. I don't find MBNA treated Mr C unfairly in any other way either based on what I've seen.

So while I can understand Mr C's sentiments and I'm sorry to hear that about the difficulties he's had repaying his credit cards, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr C. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 March 2026.

Jeshen Narayanan
Ombudsman