

Complaint

Mr H has complained about a credit card MBNA Limited (“MBNA”) provided to him. He says that the credit card and the subsequent limit increases were unaffordable for him as they caused financial difficulty and further debt.

Background

MBNA provided Mr H with a credit card with an initial limit of £5,600.00 in February 2017. Mr H’s credit limit was then increased to £8,900.00 in December 2017 and then £10,000.00 in December 2018.

In April 2025, Mr H complained saying that the credit card and the limit increases MBNA provided to him were unaffordable and caused financial difficulty and further debt. MBNA didn’t uphold Mr H’s complaint. It was satisfied that Mr H passed all of its checks when it agreed to offer the card and the limit increases and so it was reasonable to lend.

When responding to our request for its file on Mr H’s complaint, MBNA told us that it believed Mr H had complained too late.

One of our investigators reviewed what Mr H and MBNA had told us. And she thought MBNA hadn’t done anything wrong or treated Mr H unfairly in relation to providing the credit card or increasing Mr H’s credit limit on the occasions that it did. So she didn’t recommend that Mr H’s complaint be upheld.

Mr H 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 H’s complaint about the initial decision to provide the card and the first credit limit increase was made too late because he complained more than six years after these lending decisions; 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 H’s complaint as being one alleging that the relationship between him and MBNA was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr H’s complaint. Given the reasons for this, I’m satisfied that whether Mr H’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 H's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr H has not only complained about the respective decisions to lend but has also alleged that this unfairly caused him financial difficulty and further debt.

I'm therefore satisfied that Mr H's complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and MBNA. I acknowledge MBNA may not agree that we can look at parts of Mr H'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 H's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr H'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 H), 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 H's complaint, I therefore need to think about whether MBNA's decision to initially lend to Mr H, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr H and MBNA being unfair to Mr H, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr H's relationship with MBNA is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr H's ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases 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 H's complaint in this context.

Our typical approach to unaffordable and irresponsible lending complaints

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 H'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 H 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.

MBNA says it initially agreed to Mr H's application after it carried out a credit search. And the information obtained indicated that Mr H would be able to make the monthly repayment due on this credit card. It says similar checks were carried out before Mr H's credit limit was increased on the occasions that it was and these checks also showed the limit increases to be affordable.

On the other hand, Mr H says that credit card and limit increases were unaffordable and that they caused him ongoing financial difficulty as a result.

I've considered what the parties have said.

MBNA's initial decision to offer Mr H a credit card with a credit limit of £5,600.00

What's important to note is that Mr H was provided with a revolving credit facility rather than a loan. And this means that to begin with MBNA was required to understand whether a credit limit of £5,600.00 could be repaid within a reasonable period of time, rather than in one go. It's fair to say that a credit limit of £5,600.00 required not insignificant monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

MBNA says that Mr H declared receiving an annual salary of £32,000.00 a year. It's unclear what Mr H declared for his employment status but he's said that he declared he was self-employed. Nonetheless, I don't think that whether Mr H declared he was employed or self-employed is that important. In my view, the important thing is that Mr H declared receiving £32,000.00 a year.

MBNA has also said that it carried out a credit search on Mr H at the time of his application. While I've not been provided with a copy of this, I understand that this credit search showed that Mr H had no significant adverse information – such as defaulted accounts or county court judgments (“CCJ”) - recorded against him.

Furthermore, while I've noted Mr H has referred to his existing debts, this credit card had a 0% interest rate offer for balance transfers. So Mr H had the option of transferring some of his existing credit card debt, to a much lower interest rate, on to this account. Indeed, I think that Mr H applied for this credit card in order to transfer existing balances on to this account at 0% interest, as Mr H's first statement shows that he transferred £5,000.00 onto this card. This same statement also showed that Mr H didn't have to pay any interest until September 2020, which was over three and a half years from his application.

I'm therefore satisfied that Mr H was always likely to pay less interest than he would have done, on balances that he already accrued, had his existing credit card debt stayed where it was and he was therefore able to make larger inroads into his balance. Whether Mr H went on to do this or not wasn't something that MBNA could know at this stage.

However, as Mr H was applying for a card that had such a preferential rate and the immediacy of the balance transfer suggests that it may well have been put in motion as part of the application, I don't think it would have been unreasonable to reach such a conclusion that this was likely to happen.

Having considered all of this, I'm satisfied that MBNA was reasonably entitled to conclude that Mr H would be able to make the repayments to clear a balance of £5,600.00 within a reasonable period of time. Particularly, as for the reasons I've explained, all of Mr H's payments were going towards the capital balance.

As this is the case, I'm satisfied that it was not unfair for MBNA to offer Mr H a credit card with a limit of £5,600.00 and therefore there was no unfairness created at this stage.

The credit limit increases MBNA offered to Mr H

As I've explained in the background section of this decision, MBNA increased Mr H's credit limit on two occasions. It increased Mr H's credit limit to £8,900.00 in December 2017 and then £10,000.00 in December 2018.

Bearing in mind the extra being granted at the time of the limit increases and the fact that Mr H could be left with having to repay £8,900.00 and then £10,000.00 within a reasonable period of time, I do think that it would have been reasonable and proportionate for MBNA to have asked Mr H about his regular living costs before offering these limit increases. I can't see that MBNA did request such information from Mr H. So I don't think that it carried out reasonable and proportionate checks before providing these limit increases to Mr H.

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 H. As I've explained above, in order for its checks to have been proportionate, I would have expected MBNA to have asked Mr H about his committed living expenses.

I appreciate that Mr H says that when a forensic analysis of his finances is completed then it is clear that his expenditure exceeded his income. However, this is an argument made after reviewing statements for multiple bank accounts, credit card statements for other cards and tax returns.

In my view, it would be disproportionate to expect a mortgage lender to carry out this level of analysis when deciding whether to provide a mortgage, let alone a credit card provider that is agreeing to increase a credit limit on an existing revolving credit facility. So while I appreciate that Mr H 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 H's analysis is indicative of what MBNA is likely to have found out if it asked him about his living expenses.

This is especially in circumstances where I also have to keep in mind that Mr H's most recent submissions are being made in support of a claim for compensation. And at the time of the second limit increase, at least, Mr H was making an application for additional credit. I think that any explanations Mr H would have provided at the time are more likely to have been with a view to persuading MBNA to increase his credit limit, rather than highlighting any unaffordability.

In these circumstances and given Mr H has now obtained evidence to demonstrate that his declaration of annual income, of £36,000.00 for the second limit increase was inaccurate, I think it's unlikely and certainly less likely than not that he would have volunteered that his expenditure exceeded his income, in the way that he's now sought to demonstrate.

Indeed, as I've explained Mr H's declaration of income at the time of his initial application and his update at the time of his second limit increase mean that I cannot reasonably conclude he would have told MBNA his expenditure exceeded his income if he'd been asked more about his living expenses.

For the sake of completeness, I wish to be clear in saying that I accept that if MBNA had reviewed all of the information Mr H has provided now it's possible – but by no means certain – it may have decided against lending to him. However, as this is not information that I would have expected it to have obtained and neither is Mr H's analysis indicative of what a proportionate check is likely to have shown, I don't think that this means Mr H's complaint should now be upheld. I also have to consider this against the backdrop that Mr H was managing his MBNA credit card relatively well and MBNA was entitled to take account of its previous dealing with him in determining whether to extend further credit.

Indeed, in the section of this decision where I considered MBNA's initial decision to provide Mr H with a credit card, I mentioned that Mr H's card had a promotional 0% balance transfer rate, which meant that any balances transferred in the promotional period didn't accrue interest until September 2020. Having reviewed Mr H's MBNA statements up until September 2020, I can see that he managed to reduce his balance to just over £1,600.00.

This was despite Mr H's limit having been increased to £10,000.00 by this stage and him having made further transactions on the card. I've noted what Mr H has said about cycling credit. But this isn't obvious from his MBNA statements. For example, there were no balance transfers to other providers, or any other activity on this card, which could have alerted MBNA to the fact that this is what might have been happening.

Of course, I accept neither of these things in themselves (or when taken together) mean that Mr H wasn't experiencing difficulty. It's clear that Mr H's circumstances took a turn for the worse and I know that he ended up spending far more on this credit card - possibly as a result of the pandemic - and later went on to experience difficulty making his payments.

I'm sorry to hear about this. But this all happened sometime after the final limit increase. And what I have to consider is whether MBNA acted fairly and reasonably in offering the limit increases when it did. I don't think that Mr H's MBNA credit card usage demonstrated that his credit limit shouldn't have been increased on the occasions it was. If anything, it appears as though the balance transfer terms operated as expected and Mr H benefitted from the card – at least in the first few years he had it.

Bearing all of this in mind, I'm not persuaded that MBNA requesting further information about Mr H's living costs, would have seen it deciding against offering to increase Mr H's credit limit in December 2017 or December 2018. 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 limit increases, or that it doing so created unfairness either.

Overall, and based on the available evidence I don't find that Mr H's relationship with MBNA was unfair. I've not been persuaded that MBNA created unfairness in its relationship with Mr H by irresponsibly lending to him whether when initially agreeing to provide him with a credit card, or in respect of the credit limit increases. I don't find MBNA treated Mr H unfairly in any other way either based on what I've seen.

So while I can understand Mr H's sentiments and it's clear that he feels strongly about matters, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr H. 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 H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 March 2026.

Jeshen Narayanan
Ombudsman