

Complaint

Mr A has complained about credit cards MBNA Limited (“MBNA”) provided to him. He says that these credit cards and a limit increase were unaffordable for him as they caused ongoing financial difficulty.

Background

MBNA provided Mr A with two credit cards. His account history is as follows:

Card A

June 2017 – account opened with an initial limit of £12,000.00.

March 2021 – limit increased to £13,8000.

Card B

June 2020 – account opened with an initial limit of £9,800.00.

In February 2025, Mr A complained saying that these credit cards and the limit increase MBNA provided to him were unaffordable and caused ongoing financial difficulty. MBNA partially upheld Mr A’s complaint. It was satisfied that Mr A passed all of its checks when it agreed to offer card A and so it considered that it was reasonable for it to lend. However, it agreed that it shouldn’t have provided the limit increase on card A, or card B either and refunded all the interest, fees and charges Mr A paid as a result of result of using this additional credit.

Mr A remained dissatisfied and referred his complaint to our service. When responding to our request for its file on Mr A’s complaint, MBNA told us that it believed that Mr A’s complaint about its decision to provide card A had been made too late. One of our investigators reviewed what Mr A and MBNA had told us. And he thought MBNA hadn’t done anything wrong or treated Mr A unfairly in relation to providing card A. So he didn’t recommend that Mr A’s complaint be upheld.

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

As all parties accept that the limit increase on card A as well as card B shouldn’t have been provided to Mr A, this decision is only considering whether MBNA acted fairly and reasonably when initially providing Mr A with card A.

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 A's complaint about its initial decision to provide card A was made too late because he complained more than six years after the lending decision; 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 A'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"). He 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 A's complaint. Given the reasons for this, I'm satisfied that whether Mr A'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 A's complaint should be considered more broadly than just the lending decision. I consider this to be the case as Mr A has not only complained about the decision to lend but has also alleged that this unfairly caused him ongoing financial difficulty.

I'm therefore satisfied that Mr A'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 Mr A'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. This includes Mr A's submissions on why he believes that he complained in time.

In deciding what is fair and reasonable in all the circumstances of Mr A's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr A'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 A), 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 A's complaint, I therefore need to think about whether MBNA's decision to lend to Mr A, or its later actions resulted in the lending relationship between Mr A and MBNA being unfair to Mr A, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Our typical approach to irresponsible and unaffordable 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 A'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 A 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.

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

The parties' submissions

MBNA says it initially agreed to Mr A's application after it obtained some information on his income and carried out a credit search. And the information obtained indicated that Mr A would be able to make the monthly repayment due on this credit card.

On the other hand, Mr A says that credit card was unaffordable and caused him ongoing financial difficulty as a result.

I've considered what the parties have said.

Did MBNA act fairly and reasonably towards Mr A when accepting his application for card A?

What's important to note is that Mr A was provided with a revolving credit facility rather than a loan. And this means that MBNA was required to understand whether a credit limit of £12,000.00 could be repaid within a reasonable period of time. It's important to note that a reasonable period of time isn't defined in the rules. Although, the guidance indicates that the typical term associated with repaying a fixed-sum loan of this much provides a useful yardstick. I think the typical repayment term for a fixed sum loan of £12,000.00 would be somewhere in the region of five years.

MBNA says that Mr A declared that he was full-time employed and receiving an annual salary of £110,000.00. MBNA has also said that it carried out a credit search on Mr A at the time of his application. I understand that this credit search showed that Mr A had no significant adverse information – such as defaulted accounts or county court judgments ("CCJ") - recorded against him. Furthermore, while I've noted Mr A has referred to his existing unsecured debts, at around £22,000.00, I don't think that this was excessive bearing in mind the amount of his income.

I'm also mindful that Mr A appears to have 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 A applied for this credit card in order to transfer existing balances on to this account at a lower interest, as the account notes show that he immediately transferred £11,000.00 onto card A as soon as the account was opened. This was over half of Mr A's existing revolving credit debt.

I'm therefore satisfied that Mr A 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 A went on to do this or not wasn't something that MBNA could know at this stage.

However, the immediacy of the balance transfers suggest that they may well have been put into motion as part of the application. So I don't think it would have been unreasonable to reach such a conclusion that this was likely to happen. I think that there is an argument for saying that these balance transfers alone mean that it was fair for MBNA to provide card A to Mr A.

In any event, for the sake of completeness, I would also add that even if MBNA had done more here, I think it is unlikely that this would have made a difference to its decision to provide card A to Mr A. I say this because, at the absolute most, it could be argued that given the amount of the limit granted, MBNA ought to have found out about Mr A's regular living costs.

I appreciate that Mr A says that he was using his overdraft persistently and borrowing from friends. However, this is an argument made after reviewing bank statements. However, MBNA not only didn't have Mr A's bank statements, but I also wouldn't have expected it to have obtained them either. So while I appreciate that Mr A 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 A's analysis is indicative of what MBNA is likely to have found out if it asked him about his regular living costs.

This is especially in circumstances where I also have to keep in mind that Mr A's most recent submissions are being made in support of a claim for compensation. And at the time Mr A was making an application for credit, so any explanations he would have provided are more likely to have been with a view to persuading MBNA to lend to him, rather than highlighting any unaffordability. In these circumstances, 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 arguing.

I would also add that while I've noted Mr A's argument that he was using an overdraft, this doesn't mean that he shouldn't have been lent to. This is particularly bearing in mind that there was no significant adverse information recorded against him and there isn't a prohibition on lending to a prospective borrower using an arranged overdraft. If Mr A is unhappy at how he was allowed to use his overdraft this is a matter he'll have to take up with his bank rather than MBNA.

More importantly, having considered everything provided, I'm not persuaded that MBNA requesting further information about Mr A's living costs, would have seen it deciding against accepting Mr A's application for a credit card in June 2017. Consequently, I'm not persuaded that MBNA doing more here would, in any event, have made a difference to its decision and I don't think that it was unfair for it to have offered card A, or that it doing so created unfairness.

Overall, I've not been persuaded that MBNA created unfairness in its relationship with Mr A by irresponsibly lending to him when initially agreeing to provide him with card A. Equally, any unfairness that may have been created by MBNA providing Mr A with the limit increase on card A as well as card B has since been removed as a result of MBNA refunding the interest, fees and charges that it added to Mr A's accounts as a result of him using this additional credit. Based on what I've seen, I don't find Halifax treated Mr A unfairly in any other way either.

So while I can understand Mr A's sentiments and it's clear that he feels strongly about matters, I'm nonetheless satisfied that what MBNA has already done to put things right for him is fair and reasonable in all the circumstances and I'm not upholding this complaint. I appreciate this will be very disappointing for Mr A. 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 A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 April 2026.

Jeshen Narayanan
Ombudsman