

The complaint

Mrs A has complained that MBNA Limited were irresponsible in opening a Credit Card account for her.

What happened

MBNA provided Mrs A with a credit card in October 2020 with a credit limit of £8,500.

Mrs A says the lending decision was irresponsible. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

MBNA reviewed Mrs A's complaint and didn't uphold it. MBNA were satisfied that appropriate checks were carried out prior to approving her application. They felt that there was no indication that the repayments were unaffordable.

I sent Mrs A and MBNA my provisional decision on 7 January 2026. I explained why I wasn't planning on upholding the complaint. I said:

The rules and regulations in place at the time MBNA provided Mrs A with the credit card required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means MBNA had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mrs A. In other words, it wasn't enough for MBNA to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mrs A.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether MBNA did what they needed to before providing the credit card.

MBNA used information declared by Mrs A in her application, they did a credit reference agency (CRA) check and used internal modelling to help them decide whether the credit was affordable for Mrs A.

Mrs A's file showed no adverse information on any open accounts, not having been in arrears or missed any required payments.

In her application, Mrs A declared an annual salary of £34,000 and monthly rental payments of £450. The CRA information showed existing monthly credit commitments of around £600 per month.

MBNA concluded that, after including all of the above and calculating a 'cost of living' figure, Mrs A would have a remaining disposable income of over £600 per month,

which they considered affordable for Mrs A to be able to make sustainable monthly repayments and have a reasonable buffer remaining for unexpected expenses.

MBNA felt this was a reasonable and proportionate assessment, so no further review was required.

I've considered that MBNA had two sets of information available to them for their assessment.

Firstly, in her application as I've noted above, Mrs A declared an annual salary of £34,000 and monthly rental payments of £450. The information MBNA obtained showed Mrs A had other month credit commitments of around £600 per month and using an internal model they factored in a figure of £438 to account for a non-discretionary cost of living.

This resulted in a remaining disposable income estimation of £728 per month.

Secondly, as Mrs A held a current account with a bank who are part of the same group as MBNA, with her permission, they were also able to see that information. This enabled them to perform a more bespoke assessment.

This resulted in a remaining disposable income estimation of £634 per month.

I have reviewed and validated the information for both estimations.

To ensure MBNA pay heed to the relevant regulation as described in the Financial Conduct Authority's (FCA) Consumer Credit Sourcebook (CONC) they need to ensure that, as I referred to earlier, the repayments are going to be sustainable and to consider more detailed checks if, for example, a consumer is on a low income, or if the resulting repayments were likely to be high and/or for a lengthy period.

I have considered this at length for Mrs A's complaint, and have concluded that on balance, the approach taken by MBNA was both reasonable and proportionate to satisfy themselves that the repayments were affordable and sustainable.

In reaching this conclusion, I am satisfied that if using the lower of the two figures I refer to above for estimated disposable income, it still allows for repayments of this credit, even if the full credit amount of £8,500 were utilised, and would leave Mrs A with a reasonable buffer each month, for any unexpected bills or expenses.

It is on that basis I'm satisfied that more thorough checks weren't needed in the circumstances and therefore no requirement for MBNA to perform a more detailed I&E review.

MBNA agreed with the provisional decision. However, Mrs A disagreed. In summary, she said:

- Her bank statements preceding the loan show total expenditure to be higher than total income, demonstrating that repayments wouldn't be sustainable.
- She was persistently using her overdraft.
- A significant proportion of her monthly expenditure was already committed to servicing existing debt.

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.

I remain comfortable that the affordability assessment performed by MBNA was proportionate. Their checks only showed occasional use of Mrs A's overdraft and their

affordability assessment included reasonable repayments for existing loans and other credit, along with non-discretionary spend evident from her bank statements.

So while it will come as a disappointment to Mrs A, I don't uphold her complaint against MBNA for the reasons explained above.

In reaching my conclusions, I've also considered whether the lending relationship between Mrs A and MBNA might have been unfair to Mrs A under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that MBNA did not lend irresponsibly when providing Mrs A with the credit card. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons outlined above, I don't uphold this complaint against MBNA Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 2 March 2026.

David Barker
Ombudsman