

Complaint

Mrs M has complained about a credit card MBNA Limited (“MBNA”) provided to her. She says she shouldn’t have been provided with a credit card that had such a high credit limit given her income and existing debts.

Background

MBNA provided Mrs M with a credit card with an initial limit of £6,300.00 in November 2022. The credit limit was increased to £11,300.00 in June 2023.

One of our investigators reviewed what Mrs M and MBNA had told us. And he didn’t think that MBNA had acted unfairly or unreasonably towards Mrs M either when initially providing her with her credit card or increasing the credit limit. So he didn’t recommend that Mrs M’s complaint be upheld.

Mrs M disagreed and asked for an ombudsman to look at her 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.

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 Mrs M’s complaint.

Having carefully considered everything, I’m not upholding Mrs M’s complaint. I’ll explain why in a little more detail.

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 Mrs M 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 agreed to Mrs M’s application for a credit card after it obtained information on her income and carried out a credit search. In its view, this information showed that Mrs M would be able to make the monthly repayments due on a credit limit of £6,300.00 and then £11,300.00. On the other hand, Mrs M says that the credit card and the limit increase were unaffordable bearing in mind her existing debt.

I've considered what the parties have said.

What's important to note is that Mrs M was provided with a revolving credit facility rather than a loan. And this means that MBNA was required to understand whether credit limits of £6,300.00 and £11,200.00 could be repaid within a reasonable period of time, rather than all in one go. 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 the amount of a credit limit provides a useful yardstick. I think it's fair to say that the typical term of a loan of £6,300.00 or £11,300.00 would be around five years.

From the information provided, it looks like Mrs M declared that she was employed and received an income of around £35,000.00 a year, which I understand that MBNA cross-checked against information from credit reference agencies on the funds that she received into her main bank account each month.

I understand that MBNA's credit check did not indicate that Mrs M had had any recent previous difficulties repaying credit – such as defaulted accounts or county court judgments recorded against her. However, these checks will have shown that Mrs M did have some existing debts - some of which were on credit cards.

Mrs M says that she shouldn't have been lent to because of her existing debts. However, I note that this credit card had a 0% interest rate offers for balance transfers. And Mrs M had the option of transferring some of her existing credit card debt, to a much lower interest rate, on to this account.

Indeed, I think that Mrs M applied for this credit card in order to transfer existing balances on to this account at 0% interest as she went on to transfer balances from existing credit cards onto this card both when the card was initially opened and after the limit increase. I'm therefore satisfied that Mrs M was always likely to pay less interest than she would have done had the balance stayed where it was and she was therefore able to make larger inroads into her balance.

I note that Mrs M has said that her borrowing history meant that MBNA should have considered that she would continue using her credit cards after her balance transfers. But I don't think that MBNA ought to have thought this. This is especially as Mrs M's argument has been made after she's seen her full credit report and MBNA's credit check wouldn't have had the same level of detail.

Credit checks carried out by lenders typically provide a snapshot of Mrs M's position at the time and not the same level detail that is provided to a borrower when they request their full report. The most important thing here is that by the time of the limit increase, Mrs M had been repaying amounts on her MBNA credit card which suggested that she could clear what she'd owe within a reasonable period of time. So I don't agree that MBNA ought to have considered that Mrs M wouldn't benefit from being able to transfer her existing balances at 0%.

Nonetheless, I think that given the amount being lent here and the credit which MBNA was already aware of, there is a reasonable argument for saying that it would have been reasonable and proportionate for MBNA to find out a bit more about Mrs M's actual committed non-credit related expenditure before offering this credit card and the limit increase.

However, I don't think that proportionate checks would have extended into obtaining bank statements. I say this particularly as there is no requirement for a lender to obtain statements

from a customer. Nonetheless, having considered the evidence Mrs M has provided, I don't think that MBNA obtaining further information on Mrs M's non-credit related expenditure at the time and supplementing what it knew about her credit commitments, is likely to have led it to conclude that she did not have the funds to sustainably make the repayments due.

I'm sorry to hear that Mrs M found it difficult to repay her credit card. Having looked at the bank statements she's provided, I can understand why she might have had difficulty repaying this credit card. However, MBNA didn't have Mrs M's bank statements and as I've said, I don't think that it needed to request them.

So even though I think that there's an argument for saying that MBNA's checks ought to have gone further – and extended into finding out about Mrs M's committed living expenses, I don't think that it could have known why Mrs M may have gone on to have difficulty with her repayments or that it obtaining the further information I think it needed to would have seen it make different lending decisions as a result.

In reaching my conclusions, I've also considered whether the lending relationship between MBNA and Mrs M might have been unfair to Mrs M under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that MBNA irresponsibly lent to Mrs M or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall I don't think that MBNA treated Mrs M unfairly or unreasonably when providing her with her credit card or increasing her credit limit. So I'm not upholding Mrs M's complaint. I appreciate this will be very disappointing for Mrs M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 9 March 2026.

Jeshen Narayanan
Ombudsman