

The complaint

Mr H is unhappy that MBNA Limited charged interest on his credit card account and did not intervene to offer support before he told them he was experiencing financial difficulty.

What happened

From around April 2024, Mr H began making minimum or partial payments to his MBNA credit card account each month. Mr H says that during this period he was experiencing financial pressure and is unhappy that, despite continuing to make payments, his balance reduced only slightly because the interest being added to the account was almost as much as the payments he was making to it.

Mr H believes that this showed that he was effectively servicing interest rather than reducing the overall debt, and he points to wording on his statements referring to “recommended payments”, which he says indicated that MBNA had identified his account as being in persistent debt and should have proactively intervened and offered him financial forbearance at that time.

MBNA have said that they weren’t aware that Mr H was experiencing financial difficulty during the period in question. They explain that making minimum payments, by itself, does not indicate financial hardship, and that the account did not meet the regulatory definition of being in persistent debt. MBNA also say interest was applied correctly under the credit agreement and they had no reason to offer financial support or forbearance at that stage.

In June 2025, Mr H lost his job and contacted MBNA the following month to explain his circumstances. Once MBNA were made aware of Mr H’s financial difficulties, they froze interest on the account and applied a breathing space arrangement for him. No further interest was charged after this point. Mr H later cleared the balance on the account in full.

Mr H remained unhappy that interest had continued to be charged for the period he was experiencing financial difficulty before he contacted MBNA and that MBNA had not reached out to offer help sooner. So, he raised a complaint. MBNA responded to Mr H, but didn’t feel that they’d done anything wrong. Mr H wasn’t satisfied with MBNA’s response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn’t feel that MBNA should fairly or reasonably have proactively contacted Mr H about his account before Mr H told them that he was experiencing financial difficulty, and so didn’t uphold the complaint. Mr H remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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.

Mr H’s main concern is that MBNA continued to charge interest on his credit card account between April 2024 and July 2025, and that they did not intervene earlier to offer financial

forbearance. He believes his account showed signs of financial difficulty and persistent debt during this period, and that MBNA should have acted sooner and stopped interest continuing to accrue.

I've first considered whether Mr H's account met the regulatory definition of persistent debt. Under the FCA's rules, persistent debt arises where, over a rolling 18-month period, a consumer pays more in interest, fees and charges than they repay towards the capital balance. Having reviewed the information provided, I'm satisfied that this threshold was not met on Mr H's account. This doesn't mean that there wasn't a period where Mr H was making relatively small payments to the account. But it does mean that there wasn't a prolonged period of small payments wherein the account met the definition of being in persistent debt such that MBNA were reasonably expected to act.

Mr H has pointed to wording on his statements which he feels indicated that his account was in persistent debt. But while Mr H's statements did include explanatory wording about recommended payments and persistent debt, this wording was for information purposes only. As explained above, Mr H's account didn't meet the persistent debt threshold, and if it had, MBNA would have displayed a recommended payment in the account summary section of the statements. But no recommended payment amount was actually shown in the account summary section, which is a further confirmation that Mr H's account was not technically in a position of persistent debt.

I've also considered Mr H's point that, despite making regular payments, his balance was reducing only slightly the majority of the monthly payment amount was absorbed by monthly accrued interest, with only a small amount remaining to be applied to the capital balance of the account. I can understand why this was frustrating and stressful for Mr H. However, this is a common feature of credit card borrowing where only minimum payments are made, and the making of minimum payments to an account doesn't, in itself, indicate that the account holder is in a position of financial difficulty or that interest has been applied unfairly or incorrectly. Upon review, I'm satisfied that the interest charges were in line with the credit agreement, and I haven't seen evidence that MBNA applied them in error.

Mr H has said that MBNA shouldn't have relied on him explicitly asking for help, and that FCA guidance expects firms to act where there are signs of unsustainable borrowing. I've taken this point into account. However, in this case, I don't think there were clear indicators that should reasonably have put MBNA on notice of financial difficulty before July 2025. I say this because Mr H maintained his account in accordance with the agreed terms. There were no missed payments or arrears, and as explained above, making minimum payments alone isn't generally considered sufficient to demonstrate financial hardship. Accordingly, I don't think it would be fair or reasonable to expect MBNA to have intervened or applied forbearance while Mr H was maintaining his account in accordance with the contractual payment terms and without being made aware by Mr H of his situation.

Finally, when Mr H did contact MBNA in July 2025 to explain that he had lost his job and was experiencing financial difficulties, I feel that MBNA responded appropriately. They froze interest on the account, applied a breathing space arrangement, and no further interest was charged. MBNA's response to learning of Mr H's financial difficulty seems fair to me, and I'm satisfied that they acted reasonably once they became aware of Mr H's circumstances.

I appreciate that Mr H has described the impact the situation had on his wellbeing and finances, and I don't doubt that he found the experience distressing. However, compensation is only appropriate where distress or inconvenience has been caused by something the business did wrong. In this instance, for the reasons explained above, I don't feel that MBNA did act unfairly or unreasonably, and so I don't think it would be fair to ask them to refund interest or pay compensation to Mr H as he would like.

All of which means that I won't be upholding this complaint or instructing MBNA to take any further or alternative action here. I hope that Mr H will understand, given what I've explained and the impartial role of this service, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 May 2026.

Paul Cooper
Ombudsman