

The complaint

Ms C complains that MBNA Limited (“MBNA”) didn’t accept a promissory note in settlement of her credit card debt and pursued collections activity even though she disputed the account.

What happened

Ms C held a credit card account with MBNA. Under the terms and conditions of the account, she had to make at least the minimum payment each month by the payment due date shown on her statements.

Ms C missed the payments in December 2024 and January 2025, so her account fell into arrears. MBNA wrote to her on both occasions and asked her to either bring the account up to date or get in touch to talk about how MBNA could help.

In February 2025, the arrears remained outstanding and MBNA wrote to Ms C again. It said that, because it hadn’t heard from her, it had taken some steps to stop the amount she owed increasing further. MBNA had put a block on Ms C’s card, frozen the interest on her account and stopped charging late payment fees. It asked Ms C to get in touch so that it could work with her to find a solution.

MBNA says it didn’t hear from Ms C. In March 2025, it sent her a Default Notice. The Notice required her to pay the arrears by 9 April 2025. It said that, if she didn’t do this, MBNA could end the credit agreement and ask her to pay the total balance outstanding on the card. It could also register a default with the credit reference agencies, instruct a debt collection company or sell the debt.

MBNA says that no payment was made by the deadline. It wrote to Ms C in late April 2025. It said it wasn’t too late for her to get help with her credit card payments and asked her to get in touch. But it said that, if it couldn’t agree a plan with her or didn’t receive payment of the arrears, it would need to end her agreement and close the account.

MBNA says it didn’t hear from Ms C or receive payment. In late May 2025, it wrote to her to say that if it didn’t hear from her within 14 days, it would end her agreement and close the account. MBNA says it didn’t receive payment or any contact from Ms C. On 25 June 2025, it defaulted her account.

Ms C contacted MBNA by email on 30 June 2025. She said she’d already contacted MBNA by letter and email during March 2025 but hadn’t received a reply. She said that she had sent a promissory note to MBNA and so her obligations had been settled. She said that MBNA had failed to rebut the promissory note and was in default of its legal obligations. She also said that she had formally disputed the account and so MBNA should have suspended enforcement activity and reported to the credit reference agencies that the account was in dispute. Ms C also raised concerns about data protection.

MBNA treated this as a complaint. It wrote to Ms C and said it didn’t think it had done anything wrong. MBNA said that promissory notes have no legal effect and aren’t classed as

legal tender. It said that promissory notes wouldn't settle Ms C's debt and, if she were to send any to MBNA, it wouldn't return them to her. MBNA was concerned that Ms C had been advised incorrectly that, by sending a promissory note, she wouldn't have to pay her credit card debt. It said that wasn't correct and referred to the terms and conditions of her account.

Ms C wasn't happy with MBNA's response and brought the complaint to this service. At around the same time, MBNA sold her account to a debt purchase business.

Ms C said that MBNA had refused to engage with her lawfully or fairly. She wanted it to stop all adverse reporting of her account and confirm to the credit reference agencies that the account was in dispute. She also wanted it to stop all collection activity. She wanted an explanation of why MBNA had declined to accept the promissory note in settlement of her outstanding balance. And she wanted an explanation of how MBNA had obtained her telephone number. Ms C sought an apology from MBNA for its comment that she had not been in contact. She also sought financial compensation.

Our Investigator didn't think MBNA had done anything wrong in the way it dealt with Ms C's account. But she thought it had provided poor service by failing to respond to an email from Ms C in March 2025. Our Investigator recommended that MBNA pay Ms C £100 as compensation for the upset and inconvenience this caused.

MBNA accepted our Investigator's recommendation. But Ms C did not; she asked for the complaint to be reviewed by an Ombudsman. Ms C made detailed submissions, relying on legislation, legal principles and legal authorities. These include the Bills of Exchange Act 1882, common law principles regarding negotiable instruments and case law.

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.

Ms C has asked for a decision which sets out the specific legal basis on which it has been reached and explains how the authorities on which she relies have been considered. She says she doesn't want a decision based on opinion, policy positions or general industry practice. But the Financial Ombudsman Service is an informal alternative to the courts and, whilst we take the law into account, we also consider relevant codes and good practice. Under the rules that give us our powers, complaints are to be determined by reference to what is, in the opinion of the ombudsman, fair and reasonable in all the circumstances of the case. So, that is the basis upon which I reach this decision.

I can assure Ms C that I've considered all her submissions. But, in writing this decision, I've focused on what I consider to be the key points. So, if I don't comment on a specific point, it isn't because I've failed to take it into account. My findings are set out below.

Proof of lending

Ms C says that MBNA has failed to evidence that it loaned actual funds to her. But, having seen the transactions on her account (which Ms C has not disputed) I'm satisfied that she used her credit card to make purchases. Therefore, Ms C received the benefit of the credit which the account provided. So, it's fair and reasonable for MBNA to expect her to repay that borrowing, in accordance with the terms and conditions of her account.

Promissory note

Ms C says that she settled her credit card account by way of a promissory note which she sent to MBNA. MBNA doesn't deny receiving the promissory note (although it says this was received in June 2025 whereas Ms C says it was first sent in March 2025). The issue in dispute is whether it was a valid method of payment to settle the credit card debt.

MBNA says that the promissory note had no legal effect and isn't classed as legal tender, so it didn't settle the debt. Ms C says this is incorrect as a promissory note is a lawful financial instrument under the Bills of Exchange Act 1882. She says that MBNA has mischaracterised the legal effect of promissory notes and seeks a full written rebuttal under statutory authority explaining why it refused to honour the promissory note or, alternatively, the return of the promissory note.

This service doesn't have the power to determine the legal effect of a promissory note – that is something a court would need to decide. But I don't think that is the key issue here. This complaint is about Ms C's credit card debt and whether it has been paid. That needs to be looked at in the context of Ms C's relationship with MBNA, which is governed by the terms and conditions of her account. Ms C agreed to be bound by those terms and conditions when she opened the account, and by her continued use of it.

The terms and conditions state that details of the different ways Ms C can make a payment to MBNA are shown on her statements. These details were also included in MBNA's letters to Ms C about the missed payments. The ways Ms C can pay are: by Direct Debit; from her bank account through the MBNA app; by debit card; by bank transfer; by cheque; over the phone; or in any branch of her bank.

The terms and conditions also say that MBNA doesn't treat payments as received until they reach it in cleared funds.

Ms C has successfully made payments to her account by one of the above methods in the past. But no such payments have been credited to her account since November 2024.

Ms C says that she has the right to settle the account through alternative lawful means, such as a promissory note. But I don't find that to be the case here. A promissory note isn't one of the agreed payment methods under the terms on which MBNA and Ms C agreed to deal with each other. So, MBNA didn't have to accept the promissory note as payment. And I think it's reasonable that it declined to do so.

Pursuing a disputed debt

Ms C says that she has formally disputed her account and so MBNA should have stopped enforcement activity and adverse reporting to the credit reference agencies. She relies on the Financial Conduct Authority's Consumer Credit sourcebook (CONC). Ms C says that, once a credit agreement is disputed, all collection and reporting activity must be paused, and the disputed status must be shared with the credit reference agencies.

CONC 7.14.1 is relevant here. It says that a firm must suspend recovery activity where the customer disputes the debt "*on valid grounds or what may be valid grounds*". CONC 7.14.2 gives examples of valid grounds. So, a firm doesn't have to suspend collections activity simply because a customer says they dispute the debt or disagree with the business's approach. Having considered all the evidence available to me, I don't think MBNA needed to stop its collections activity here.

Credit file impact

Ms C says that MBNA shouldn't have reported any adverse information about her account to the credit reference agencies. But MBNA has a duty to ensure that the information it passes to the credit reference agencies is accurate. Here, I'm satisfied that Ms C missed payments, causing her account to fall into arrears and subsequently default. So, I'd expect that to be reported to the credit reference agencies. I haven't seen anything to suggest that MBNA's reporting was inaccurate or unfair here.

Communication between the parties

Ms C says that she wrote to MBNA multiple times from March 2025 onwards, but it repeatedly failed to respond. She also says that MBNA was wrong to state that she had not been in contact.

The letters which MBNA sent to Ms C about the arrears were from its collections department. They provided contact details so that Ms C could get in touch with them directly. I haven't seen any evidence that Ms C contacted MBNA's collections department.

Instead, she says she sent letters to the CEO as well as emails to an address at MBNA. From the evidence provided, I'm satisfied that Ms C sent emails to MBNA on 2 March 2025, 19 March 2025 and 30 June 2025.

The first email appears to have been about data protection issues. I haven't seen the message in full or the response to it. But Ms C has referred to a response from MBNA dated 11 March 2025. On the evidence available, I can't conclude that MBNA didn't respond to the message of 2 March. I'm satisfied that it responded to the email of 30 June; that was its response to the complaint.

But I haven't seen any evidence that MBNA responded to the email of 19 March 2025 in which Ms C raised multiple issues. I have no reason to doubt that this email was received by MBNA. It wasn't sent to the collections department, which was asking for contact from Ms C. And I don't think the collections activity would have stopped even if MBNA had responded to this email. But, nevertheless, I think MBNA should have responded to it.

I think it's unlikely that a response to this email would have changed the overall position here because I don't think the parties would have reached agreement. But, if MBNA had responded to the March email, I think it would have clarified some of the issues earlier and avoided some distress and inconvenience for Ms C. I think it would be fair for MBNA to pay Ms C some compensation to reflect this, and I think £100 would be a fair amount.

Data Protection issues

Ms C was concerned about how MBNA obtained her telephone number. MBNA explained that it is part of a wider banking group and that, in line with its privacy notice, her personal information may be shared within the group. I think MBNA acted reasonably in this respect.

Ms C has raised wider concerns about MBNA's compliance with data protection regulations. But it's not the role of this service to decide whether a data protection breach has taken place. The Information Commissioner's Office would be the correct body to deal with any ongoing concerns Ms C has about this issue.

Conclusion

In conclusion, I think MBNA ought to have responded to Ms C's email of 19 March 2025. I'm going to direct it to pay her £100 as compensation for that mistake. Otherwise, I think MBNA acted fairly and reasonably here, so I'm not going to ask it to do anything else.

My final decision

For the reasons above, I uphold this complaint. MBNA Limited should pay compensation of £100 to Ms C.

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

Katy Kidd
Ombudsman