

complaint

Mr D complains that MBNA Limited defaulted his credit card account after it agreed to accept reduced monthly payments. Mr D says MBNA accepted a lump sum payment in settlement of the debt but has only recently marked his credit file as partially settled. Mr D wants MBNA to update his credit file to show the debt is fully satisfied. And he wants MBNA to remove the default that it entered.

background

Mr D has an MBNA credit card. In early 2013, he wasn't able to maintain his minimum monthly payments. MBNA agreed to freeze interest and charges while Mr D made reduced monthly payments.

MBNA issued a default notice in the middle of July 2013. Mr D was unhappy to receive this. Mr D contacted MBNA and made an offer to settle the account at the end of 2013.

MBNA accepted the offer but in July 2014, MBNA wrote to Mr D to say that it had sold the full amount of the debt to a debt collection company. MBNA later bought the debt back from the debt collection company.

Before this service became involved, MBNA sent Mr D £150 to apologise for any failing in customer service. Our adjudicator didn't recommend that Mr D's complaint should be upheld. She was satisfied that the bank's offer was reasonable in the circumstances.

Mr D remains unhappy with MBNA's treatment of him. Mr D wants MBNA to remove the default from his credit file as he says it is stopping him from getting a mortgage. And Mr D wants MBNA to pay more in the way of compensation.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr D has raised a number of concerns about the service that he has received from MBNA. I can see that he feels very strongly about what has happened to him. And that he is now in a difficult personal and financial situation. I want to reassure Mr D that I have considered everything that he has said. But I hope that he will understand that I don't have to address every point that he makes.

default

Mr D says MBNA didn't tell him that his account would default even though he was making regular monthly payments. But MBNA has given this service evidence that it wrote to Mr D about the repayment offer. MBNA told Mr D that his repayment offer wasn't sufficient to stop it registering a default with the credit reference agencies, even if he continued to make the monthly payments.

MBNA issued a default notice before registering the default. I am satisfied that MBNA followed its processes correctly. MBNA is required to accurately record information against a customer's credit file. As I don't find that MBNA made a mistake when it registered the default, I can't fairly require it to remove the adverse entry.

terms of the settlement

At the end of 2013, Mr D offered MBNA £2,000 to settle his account. Mr D is unhappy that his credit file doesn't show the debt as "settled" but as "partially settled". I appreciate that the adverse entry on Mr D's credit file is affecting his ability to get further credit. But MBNA's customer notes indicate that it discussed the impact of the settlement on Mr D's credit file.

As the debt hasn't been satisfied in full, I can't reasonably require MBNA to make the changes that Mr D wants. And even if the debt was marked as satisfied in full, the original default will remain on his file.

third party debt collector

I can appreciate that Mr D was very unhappy when he learned the full debt had been sold to a debt collection company. MBNA has explained that it sold Mr D's debt in November 2013, a month before it agreed to accept a partial settlement.

When Mr D complained about this to MBNA in January 2015, I am satisfied that it responded reasonably and sympathetically. MBNA bought the debt back from the debt collection company and agreed to update Mr D's credit file.

delay in recording partial settlement

I agree that MBNA should've marked Mr D's credit file as partially satisfied once it received payment in early 2014. Mr D says that other credit card companies increased their interest rates in 2014 because of a negative entry on his credit file. And Mr D's mortgage advisor also said he wouldn't secure a mortgage due to the default.

I am sympathetic to Mr D's situation but I don't have enough evidence to conclude that Mr D's other lenders increased their interest rates purely because MBNA didn't update his credit file. Lenders take account of a number of different criteria when setting interest rates.

And even if MBNA had recorded the partial settlement in early 2014, the default would still have appeared on Mr D's file. It seems likely the "black mark" that Mr D's mortgage advisor refers to is the default itself. I don't find that MBNA should be ordered to pay more compensation than it already has for the delay.

Before this service became involved, MBNA sent Mr D a cheque for £150 to apologise for any failing in customer service. I understand that Mr D wants MBNA to increase the amount of compensation but I can't fairly require it to pay more than it already has. And for the reasons I have set out above, I can't require MBNA to remove the default from Mr D's credit file.

my final decision

My decision is that I don't uphold Mr D's complaint. I leave it with him to decide whether to accept MBNA's payment of £150 in full and final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 5 October 2015.

Gemma Bowen
ombudsman