

complaint

Mr M complains that MBNA Limited didn't help him enough when he was in financial difficulties.

background

Mr M says he asked MBNA to set up a direct debit so he wouldn't forget to make payments into his credit card account. It would only let him set up a standing order but, due to some health issues he was experiencing at the time, he forgot to do this. He is upset that MBNA would only consider his basic salary when setting up a repayment plan. And it didn't communicate properly with him before defaulting his account. This situation is affecting his health.

MBNA said Mr M phoned the bank in January 2018. It gave him a "breathing space" and it refunded a late payment fee. Mr M made a payment in February 2018 but his payment the following month was returned unpaid. MBNA sent a letter, email and text messages to him about the arrears. It temporarily waived interest and fees but explained the account was at risk of being defaulted. At the beginning of July 2018 Mr M phoned MBNA and said his circumstances had changed. But his updated financial statement based on his basic salary showed he could only afford to pay £82 a month. It said it couldn't take into account the commission he was expecting to earn because he had only recently started his job. Mr M didn't make any further payments. So in line with its terms and conditions it defaulted his account at the end of August 2018.

Our investigator didn't think MBNA had done anything wrong. He could see it'd offered to set up a direct debit but only for £82. Mr M wanted to pay more than this so it said he would have to make manual payments or set up a standing order. Mr M agreed to do this and he then told MBNA his health was much better. In those circumstances our investigator didn't think MBNA had done anything wrong.

Mr M didn't agree and said MBNA should've reminded him when he didn't set up the standing order. He said he wants to clear the debt now so thinks MBNA should remove the default from his credit record.

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 M says he would've avoided a default on his account if MBNA had agreed to set up a direct debit. And it should've communicated much more with him about the risk of defaulting his account.

Mr M explained to MBNA he was in financial difficulties. In those circumstances the bank should've tried to help him in a positive and sympathetic way. So I've outlined fully the history of Mr M's contact with MBNA to see if it gave him the help he was asking for.

Mr M phoned MBNA at the beginning of 2018 to say he was having difficulties making payments. It gave him a "breathing space" for 30 days and refunded a late payment fee. He made a payment in February 2018.

But when the payment in March 2018 was returned unpaid MBNA tried to contact him by letter, email and text. It tried to speak to him at the beginning of April 2018 but he told the bank he wasn't well. It sent him a letter to say his account was now being looked after by its Specialist Support Team. And it asked him to send it a letter from a medical professional to confirm his health problems (although I can't see he's done this).

MBNA spoke to Mr M at the end of April 2018 and carried out a financial assessment. Based on that it concluded Mr M couldn't afford to make any repayments. But it warned him his account was at risk of defaulting in the future. And it confirmed this in writing.

In June 2018 it issued a default notice as Mr M's account was five months in arrears. The following month Mr M phoned MBNA and a further assessment showed he could afford to pay £82 a month. He wanted to pay more but MBNA said it couldn't take his commission into account because he hadn't been in his job long enough to establish its regularity. So Mr M agreed to set up a standing order to allow him to make payments in excess of £82. Again MBNA warned him of the risk of his account defaulting. But unfortunately Mr M didn't make a payment in August 2018. So MBNA defaulted his account.

Based on that history I can't say that MBNA didn't communicate fully with Mr M about the risk of his account defaulting. And I can't find it did anything wrong when it wouldn't set up a direct debit payment in July 2018 for more than £82 as this was the amount the financial assessment showed he could afford. It wouldn't have been reasonable for the bank to agree monthly payments in excess of this when his commission hadn't been fully established. It's unfortunate that Mr M didn't make the next payment which led to MBNA defaulting the account. But I can't find that was the fault of MBNA. The bank had offered to set up the payment for him but he said he wanted to do that himself. At that stage I don't think there was anything to put the bank on notice that he couldn't do that. So I don't find the bank could've done more to help him.

I'm sorry to hear this situation is affecting Mr M's health. And I know he will be upset with my decision, but for the reasons I've given, I don't think MBNA has done anything wrong. It's obliged to report Mr M's credit history accurately so as it hasn't one anything wrong I can't fairly ask it to remove the default even if he clears the debt now.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 May 2019.

Linda Freestone
ombudsman