

## **complaint**

Mr M complains that MBNA Limited won't accept a reduced payment towards his credit card account debt. He wants it to remove a default it applied to his account.

## **background**

Mr M was in a debt management plan supported by a debt management charity. After a review, he asked MBNA to reduce his repayments towards his debt. It accepted this but it also defaulted the account and passed it to a debt collection agency. Mr M thought this was unfair as he had been making regular repayments for three years.

Our adjudicator didn't recommend that the complaint should be upheld. MBNA said it would accept reduced repayments as long as the debt was cleared within five years. Mr M's new reduced repayment didn't do this. So it warned Mr M of the default and then applied it to the account. Our adjudicator thought MBNA had then correctly recorded the default.

Mr M replied that he would repay the debt within the fifth year. He said MBNA hadn't specified the month in which this needed to be repaid. He thought the default was unfair as he was likely to repay his debt.

Mr M asked for his complaint to be reviewed so it's come to me for a final decision.

## **my findings**

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

I can understand that Mr M feels frustrated that MBNA has applied the default. He's been making the agreed repayments for three years. He thought he would be able to repay the debt within five years and that MBNA was being hasty in applying the default.

When a consumer experiences financial difficulties, we expect a bank to respond positively and sympathetically. I can see that MBNA co-operated with the debt management charity. It accepted the first reduced payment and the latest reduction. It stopped applying interest. So I think it responded positively and sympathetically.

But I also think MBNA's entitled to seek recovery of the debt within a timely period. I think MBNA explained its position to Mr M. It warned him that it would apply a default if reduced payments meant the debt wouldn't be repaid within five years. This was calculated from the month when the debt management plan started, not the year it occurred in.

But Mr M didn't increase his repayments. So I can't say it was unfair or unreasonable for MBNA to apply the default. It then reported this to the credit reference agencies, as it's obliged to do. So, although I appreciate Mr M's frustration, I can't say this was wrong or that MBNA needs to remove the default.

## **my final decision**

My final 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 28 March 2017.

Phillip Berechree  
**ombudsman**