

complaint

Mr M complains he received threatening communications from MBNA Limited inferring he's incurring charges and fees on his credit card and he's concerned credit reference agencies may be told he's in persistent debt. He wants compensation for the stress and worry he's been caused.

background

MBNA said it wrote to Mr M saying that in line with his account's terms and conditions it was increasing his minimum monthly payments. It said this was in response to the requirement of the Financial Conduct Authority ("FCA") to tell customers when they were in persistent debt. Increasing the minimum payments would mean Mr M would pay off his credit card faster and pay less interest overall.

Our adjudicator felt this complaint shouldn't be upheld. She said:

- MBNA gave Mr M sufficient notice of the increase in his minimum payment and this was all in line with the account's terms and conditions.
- MBNA's communications said that for the last 18 months Mr M had been paying more in interest and charges than towards the account balance. And he was considered to be in persistent debt.
- MBNA's regulator, the FCA, has asked it to tell its customers when they were in persistent debt. And MBNA proposed increasing the minimum payment to allow Mr M to pay off more of the outstanding balance. It also said this change could be opted out of by a specified date.
- Mr M felt MBNA's communications were threatening but they weren't intended that way. The letters sent to him were generic and sent to a number of MBNA's customers. They also said Mr M could contact it to get more information. It's not for us to look at the letters' wording. That's a matter for the regulator.
- MBNA has confirmed there isn't currently a "persistent debt" flag to apply to a credit file. But FCA guidance requires it to tell customers there may be in the future. It's said that as Mr M has increased his minimum payment he's no longer classed as being in persistent debt. It sent him a further letter about a week before his minimum payment increased. She thinks that was an oversight.
- MBNA has dealt with Mr M fairly and she won't be asking it to do anything.

Mr M remains unhappy and has asked for an ombudsman review. He says he's never incurred any fees or charges but MBNA's letters imply he has. His annual statement shows fees and charges at zero. He remains concerned his credit rating will be affected if he's said to be in persistent debt. He still thinks a letter sent amounts to harassment and continuing correspondence unduly pressures him even though his minimum payment has increased.

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 agree with the investigator's conclusions for the same reasons.

MBNA sent Mr M some generic letters. It's unfortunate if Mr M found them harassing or threatening but MBNA has explained why they were sent. Its says they were designed to comply with the FCA's guidelines about telling customers that they could be considered in persistent debt, what this meant and what MBNA proposed to do to assist them to pay off their outstanding balance more quickly incurring less interest. I think MBNA acted appropriately by sending these letters.

The mention of charges and fees in the generic letters is understandable as it helped MBNA to explain what persistent debt meant and was no doubt relevant to a lot of its customers. Mr M says his account wasn't subject to any fees or charges. That may well be the case. But MBNA has sent us copies of his statements from December 2017 to January 2018 and they do show he'd an outstanding balance and was charged interest on it every month. Consequently Mr M was actually paying back more towards the interest charged than he was off the outstanding balance. And I don't think MBNA was wrong to tell him he could be considered to be in persistent debt or that this might eventually be recorded on his credit file.

MBNA also acted to take him out of persistent debt by increasing his monthly minimum payments. This was in line with the account's terms and conditions. Mr M has allowed this increase to go ahead even though he could've opted out. That means he isn't now considered in to be in persistent debt. This seems reasonable action for MBNA to have proposed and taken.

Mr M is concerned about what MBNA may record on his credit file in the future. That will of course depend on how he manages his account. If he were again to fall into and be consider in persistent debt it may be that MBNA would be required to specifically record this on his credit file in the future. But it's confirmed that a specific marker for persistent debt isn't currently in use at the moment.

MBNA has an ongoing obligation to record accurate information on Mr M's credit file. So, if he is unhappy about any adverse information it records on his credit file in the future he will be free to complain to MBNA in the first instance.

Overall, I think MBNA has treated Mr M fairly and I don't think I can reasonably ask it to do anything more including paying any compensation as Mr M would like.

my final decision

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 15 March 2019.

Stephen Cooper
ombudsman