

The complaint

Mr T complains that MBNA Limited mis-managed his credit card account, which resulted in negative information being recorded on his credit file.

Mr T is represented in this complaint by a power of attorney. For ease of reference, I'll refer to Mr T's representative as his 'attorney'.

What happened

Mr T holds a credit card account with MBNA Limited ("MBNA"). Mr T's attorney complained to them in October 2022 saying that she was shocked to discover that MBNA had marked Mr T's credit file with late payments when this hadn't been discussed with her. Mr T's attorney said that she had agreed a payment plan with MBNA and had discussed Mr T's vulnerable medical state with them. She asked MBNA to amend Mr T's credit file to the position it had been before February 2021.

MBNA didn't uphold Mr T's complaint and so the matter was referred to our service. One of our investigators looked at the complaint but didn't uphold it. He said, in summary, that MBNA had acted fairly in trying to establish Mr T's circumstances with a view to agreeing a long-term payment plan and that they hadn't been given the information they needed. So, he felt that MBNA hadn't made an error in recording a default on Mr T's credit file and noted that regular payments hadn't been made to the account.

Mr T's attorney didn't agree and said we hadn't taken into account Mr T's vulnerability and that MBNA should have treated him appropriately in view of this.

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.

Mr T's attorney said that Mr T had been making payments to his credit card account without any issues until February 2021 when Mr T suffered significant ill health. This led to Mr T missing some payments.

Mr T's attorney said she contacted MBNA and provided all of Mr T's medical records and details of his income and expenditure, in order to set up a suitable payment plan. However, she feels that MBNA mis-managed Mr T's account which led to missed payment markers and a subsequent default being recorded on his credit file.

MBNA's position is that they tried on several occasions to contact Mr T's attorney so they could put in an appropriate payment plan, but they weren't able to get all the information they needed.

MBNA were aware that Mr T was vulnerable. So, they had, and indeed still have, an obligation to ensure that they provided Mr T with a level of care appropriate to Mr T's specific circumstances and that they treated him fairly.

It's not disputed that Mr T began to miss a few payments from February 2021 onwards. I've looked at his account statements (as provided by MBNA) and can see that no payments were received between February 2021 and the end of May 2021. I've seen that MBNA sent Mr T letters in March 2021, June 2021 and July 2021 encouraging him to contact them to discuss what support they could give him. I note also that MBNA said in these letters that they stopped adding interest to the account temporarily to give Mr T time to consider his options. So, I feel that MBNA acted fairly and reasonably at that point by encouraging contact and by taking steps not to increase Mr T's debt.

I can then see that MBNA asked Mr T's attorney to provide them with income and expenditure details and that this was received in September 2021. According to MBNA's account records, it seems that they had some questions about certain aspects of that. However, there doesn't seem to be a clear picture of what happened for several months. I've not seen copies of MBNA's attempts to contact Mr T or his attorney about the income and expenditure details. And I think at this point Mr T's attorney felt a payment plan was in place for £100 each month as payments of that amount were made after September 2021.

However, I also note that the £100 payments were missed on subsequent occasions, in February 2022, March 2022 August 2022 and November 2022. This is what ultimately led MBNA to default Mr T's account in December 2022. I can see from MBNA's notes that they tried to contact Mr T's attorney on a few occasions prior to this happening, as they appeared not to have Mr T's completed income and expenditure details to hand.

I fully appreciate what Mr T's attorney has said about Mr T's vulnerability and how this and her own job impacted on her ability to deal with Mr T's account with MBNA. Clearly, this has been very difficult for them and I'm very sorry to learn of that. And I in no way wish to place any blame on them as to what happened with this account. But overall, I'm not satisfied that MBNA mis-managed Mr T's account.

It seems that there was some confusion between the parties as to what was in place and what information had been sent and what was still needed. Mr T now has adverse information on his credit file which has, and will, negatively affect his credit history. But I do think that MBNA tried to offer support as well as forbearance at appropriate times and I'm not persuaded that they failed to appropriately consider Mr T's vulnerability. I also find that MBNA were entitled to record the missed payments on Mr T's credit file bearing in mind payments were being missed. And I think that MBNA were entitled to default Mr T's account in view of those missed payments.

So, for the reasons set out above, I won't be upholding this complaint. I would though remind MBNA of their obligation towards Mr T's vulnerability in how they contact him and his attorney and how the balance of the account is reduced and cleared, if a balance remains outstanding currently.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 5 September 2023.

Daniel Picken
Ombudsman