

The complaint

Mrs B complains that MBNA Limited was irresponsible in its lending to her.

What happened

Mrs B was provided with two credit cards by MBNA which she said were unaffordable and provided irresponsibly. She says she has been struggling financially over many years and that had MBNA carried out proper checks it would have seen she had other debts and was using her overdraft. She says the credit cards and credit limit increases shouldn't have been provided.

MBNA said Mrs B raised a complaint on 9 October 2022 about one of her credit cards. It issued a final response letter in regard to this credit card account. It said the account was provided in 2013, and so Mrs B had until 2019 to raise a complaint about this. It said it thought she would have been aware of any cause for complaint shortly after opening the account. It said due to time limits it had only considered the credit limit increase that Mrs B was notified about in November 2016.

MBNA said that it only offered credit limit increases to customers with a good repayment history and where it believed they weren't over-committed. It said Mrs B was contacted around a month before the credit limit increase was applied and it had no record of Mrs B declining this. It said Mrs B had kept her account up to date and it didn't accept it had lent irresponsibly.

Mrs B referred her complaint to this service. Our investigator explained the time limits of the complaints we can consider and Mrs B accepted that only the merits of the November 2016 credit increase would be considered.

Our investigator considered whether MBNA acted irresponsibly by providing the credit limit increase to £6,400 in November 2016. Although she thought further checks should have taken place before this limit increase was provided, she didn't find that had these happened then the lending would have been found to be irresponsible. Because of this she didn't think this complaint should be upheld.

Mrs B didn't agree with our investigator's view. She said she had another complaint upheld in regard to a credit card for the same time period so didn't accept that this complaint wasn't upheld. Mrs B said the money she received from her husband wasn't income but a contribution towards expenses and that she only received £192.40 every four weeks from benefits. She said her wages fluctuated and she needed to borrow to make up the shortfall and was making payments towards several other debts at the time.

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.

Our approach to considering complaints about unaffordable and irresponsible lending is set

out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

This decision is in regard to the November 2016 credit limit increase on the credit card account addressed in MBNA's final response letter dated October 2022. The credit limit was increased from £3,200 to £6,400. The checks carried out at the time of this credit limit increase by MBNA showed that Mrs B had no arrears, no defaulted accounts, no county court judgements or bankruptcies. Mrs B has provided a copy of a recent credit report, and this doesn't raise any concerns about the information provided by MBNA.

While I accept Mrs B's credit report didn't raise concerns, it didn't provide details of Mrs B's other debts and given the credit limit was being doubled, I think MBNA should have carried out further checks to ensure that the additional lending was affordable for Mrs B.

I have looked through Mrs B's bank statements for the months leading up to the credit limit increase and considered the further information Mrs B has provided. Mrs B has explained she was self-employed and her income fluctuated. Having looked at her statements for the months leading up to the credit limit increase, the income does vary but on average Mrs B appeared to be earning around £1,000 a month. Additional to this she received around £192 in benefits every four weeks and was also receiving money from her husband towards bills (a regular payment of £710 a month was made as well as additional payments through the month).

Mrs B has said that her husband paid the mortgage and she paid for other bills such as food, utilities and other costs. Her bank statements support this and show payments for utilities, communications contracts, insurance and credit commitments were around £1,200 a month. Additional to this Mrs B's bank statements show payments of around £400 a month for fuel and food. Considering these expenses against Mrs B's income (including benefits payments) and noting that she was receiving the regular payment of £710 towards bills from her husband (as well as other payments) I do not find that I have enough to say further checks would have shown the credit limit increase to have been unaffordable to Mrs B.

I understand that this decision will be a disappointment to Mrs B, and I note her comment about another case being upheld. We consider each case based on its individual merits and having looked at the evidence provided in this case I do not find I can say further checks would have shown the credit limit increase in November 2016 to have been irresponsible. Therefore, I do not find I have enough to uphold this complaint.

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 Mrs B to accept or reject my decision before 12 September 2023.

Jane Archer
Ombudsman