

The complaint

Mr S has complained that MBNA Limited unfairly registered a default on his credit file.

What happened

Mr S opened a credit card account with MBNA in 2021. However, his account statements show that payments were missed and the credit limit was exceeded. As a result, the account entered the collections process.

Mr S feels this was heavy-handed, as he was taking steps to put things back in order. He brought a complaint to our service.

One of our investigators looked into what had happened, but didn't recommend that the complaint should be upheld. He noted that when customers are in arrears, our service would expect businesses to follow the appropriate guidance from the Financial Conduct Authority. Here, he was satisfied that MBNA had done so, as it had agreed repayment plans, and waived interest.

On 4 July 2023, that the default notice was issued. This said the arrears would now need to be repaid, in order to prevent the account from defaulting.

Although Mr S says he didn't receive the final demand letter of 25 July 2023, our investigator explained that MBNA was still entitled to default the account, having previously issued a default notice. Although Mr S did continue to make repayments, this wasn't sufficient to prevent the default. And, although Mr S had brought the account back within the credit limit, he was still in arrears because of missed payments.

Mr S didn't think this was fair. He thinks that having this record on his credit file for six years is disproportionate and damaging, given that he was under the card limit and making repayments.

The complaint's now been passed to me.

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.

I do sympathise with Mr S's position, and can understand his frustration. I can see that, from his point of view, he was getting things back on track. But, I'm satisfied, given the account history, that MBNA was reasonable in defaulting it. I can see that Mr S spoke to Capital One on 19 June 2023, but said he couldn't go through his income and expenditure at that time. So, he was advised he could go online to do it. But, MBNA didn't hear back, and issued a default notice on 4 July 2023. I know Mr S feels he wasn't made aware of the importance of completing the income and expenditure form. But I think he must have been reasonably aware, particularly when the default notice arrived.

As MBNA didn't hear from Mr S between 19 June and 11 August 2023, it defaulted the

account. I know Mr S was making some payments and was under the credit limit, but by this point, he needed to pay off the arrears in full.

So, I'm satisfied that MBNA acted fairly, given a combination of the account history, the arrears not being paid off, and not hearing further from Mr S after 19 June.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 March 2024.

Elspeth Wood
Ombudsman