

## The complaint

Mrs C complains that MBNA Limited (MBNA) are asking her to pay interest on balance transfers that were supposed to be interest free until mid-2024.

## What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

## 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 know it will disappoint Mrs C, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mrs C completed some money transfers in the summer of 2023. She paid a fee to complete those and they don't attract interest until mid-2024. I've not seen evidence that Mrs C has ever been charged interest on those transactions.

I accept that MBNA's communication was confusing. The letter sent in August 2023, for instance, said, *"If you make purchases, you'd need to pay the full balance every month (including any transfers) to avoid paying interest."* I can understand that Mrs C may, therefore, have believed that interest was being attracted on the money transfers she completed in the summer of 2023 that she had been promised would not attract interest. It seems that MBNA were trying to explain that *new* money transfers would attract interest and I can't see that the ones transferred in mid-2023, that wouldn't attract interest until mid-2024, ever did.

The way payments to the account are allocated is explained in the terms and conditions and summarised on each monthly statement. They say:

*"We will reduce the amount you pay in the following order:*

- any overdue amounts from previous statements, then*
- the remaining balance on your statement; then*
- any recent transactions not yet shown on your statement."*

As Mrs C was making payments before they appeared on her statement, some of those payments were being made to the remaining balance. When transactions did appear they

may, therefore, have attracted interest as the payment Mrs C had made had already been allocated elsewhere. That may have created confusion, but MBNA were simply following the rules and I don't think they did anything wrong by doing that. It is for them to decide how their terms will dictate payments will be allocated and it's not for this Service to interfere with that decision.

MBNA paid Mrs C compensation in respect of their poor communication, and they suppressed interest over a couple of months. Considering the impact the communication had on Mrs C I think that was sufficient and I'm not asking them to take any further action.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 10 April 2024.

Phillip McMahon  
**Ombudsman**