

## The complaint

Miss H complains that MBNA Limited has failed to offer her support or agree a payment plan when she experienced financial difficulties and was struggling to clear a credit card balance.

## What happened

Miss H opened a credit card account with MBNA in 2018. Miss H says that later she experienced financial difficulties and from 2022 was struggling to pay off the balance that had accrued on the credit card.

In November 2022 Miss H contacted MBNA about her circumstances and it placed the account on a “*breathing space hold*” for December so that no interest or charges were added, and no payment was due. A short time later MBNA was contacted by a third-party debt management charity on behalf of Miss H. MBNA explained that as the account was currently subject to a hold so it couldn’t agree a payment plan until that had ended. The offer from the third-party of paying around £8.00pm was noted. Miss H paid around £8.00 in the months of December 2022 and January 2023.

In January 2023 Miss H’s account was updated with the payment offer provided by the third-party debt management charity. In February 2022 Miss H contacted MBNA as she was receiving letters about missed payments and queried why she was receiving these when she was making the payments as agreed. MBNA explained the letters were part of the account closed process because the payments she was making were lower than the contractual amount that was due each month. It referred her back to Debt Management Charity.

In March 2023 Miss H called MBNA and explained that she didn’t want the credit card account closed. MBNA informed Miss H that she would need to speak with the Debt Management Charity and advise she no longer wanted them to act for her. It said it would remove the closure and put the account on hold and Miss H should get back to it for a payment proposal to be discussed. MBNA told Miss H that the decision to close the account might still be taken depending on the payment plan.

The following day Miss H contacted MBNA and discussed options for paying the card’s balance. Miss H asked for an arrangement instead of account closure. Her budget was discussed, and Miss H was offered to either close the account or to pay off the arrears in a plan that covered between two and twelve-month plan. Miss H selected to clear the arrears over six months. However, during the conversation Miss H then offered to clear the full amount of the arrears which were around £32 and also pay the minimum monthly amount due on the card.

As the arrears were cleared and Miss H was paying as required, the interest was added back to the account from the end of May 2023. No payment plan was put in place.

In July 2023 Miss H contacted MBNA and said she was struggling and wanted assistance with a payment plan being put in place. She offered to pay £50pm to clear the balance but also asked for MBNA to place an indefinite hold on the interest. Miss H said that she was

struggling to clear the balance due to the amount of interest that was being added.

MBNA declined Miss H's request and she made a complaint to it. MBNA didn't uphold her complaint. MBNA said that it disagreed that it hadn't supported Miss H and that as her account was now in order, it couldn't support her with her proposed repayment plan. MBNA said it was charging interest in line with credit card's terms and conditions. However, it said as a gesture of goodwill it would suppress the interest on the account from the end of August to the beginning of December 2023.

Miss H was unhappy at MBNA's response and complained to this service. She said MBNA had acted unfairly by not accepting the payment plan and freezing the interest on the account. Our investigator didn't recommend Miss H's complaint should be upheld.

Our investigator said MBNA had informed him that it was only able to accept a payment plan if an account was in arrears or had been defaulted and was closed. And that this was not the case with Miss H's account which was up to date. MBNA had also explained that as Miss H was offering more per month for the payment plan than the contractual minimum, this wasn't something that could be accepted by it as she was managing the account in line with the terms.

Our investigator said that MBNA was entitled to charge interest on the balance on Miss H's account and he hadn't seen evidence that it had acted unfairly towards her. He said that he'd seen MBNA had suppressed interest on Miss H's account from November 2022 to May 2023 and from August to December 2023.

Miss H disagreed with our investigator's view. She said that MBNA had refused to put a payment plan in place when her account had been in arrears and had acted unfairly. She said MBNA hadn't followed its own policies.

As the parties had been unable to reach an agreement the complaint was 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've seen that Miss H feels very strongly that MBNA has acted unfairly towards her over her difficulties clearing her credit card account balance. I've also seen that the account is now in arrears and Miss H doesn't feel MBNA has acted appropriately about that. But my remit is to look at the complaint she raised with MBNA about its decision in July 2023 not to agree to her payment plan of £50pm and for the interest not to be added to the balance. Later events aren't something I can consider. That's because under this service's rules Miss H must have made a complaint to MBNA first about the new arrears and given MBNA an opportunity to investigate. When MBNA looked at Miss H's complaint in July 2023 her account was up to date. So, I am not going to deal with the arrears that have now built up and if Miss H is unhappy with MBNA's handling of those, then she will need to make a new complaint to it.

MBNA has provided this service with copies of Miss H's credit card statements from June 2022 to September 2023. Looking at these I can see Miss H was making at least the contractual monthly minimum payments (and often a little more) from May to October 2022.

In November 2022 Miss H didn't make a payment and I can see from her account notes that this was the time that Miss H had made contact with MBNA about struggling to make payments. MBNA responded by placing the account in a breathing space hold. Miss H had also contacted a debt management charity who approached MBNA on her behalf with

information about her income and offering a payment plan of around £8.00pm. This payment was lower than the contractual minimum.

MNBA put a hold on interest being added to the account from December 2022 until May 2023 which I think was fair in the circumstances. It also updated its records about the offer made by the debt management charity. However, because the offer was lower than the contractual monthly payment, MBNA closed her account. I can't reasonably say this was unfair of MNBA since arrears were accruing.

Miss H contacted MNBA as she was unhappy at how the debt management charity handled her payments and that she also didn't want the account closed. MBNA spoke with her and it was discussed with Miss H about how she would clear those arrears. I've seen Miss H chose to pay off the arrears in full in April 2023 thereby bringing her account up to date.

In May 2023 the interest was again applied by MNBA to Miss H's account since she had brought the account back up to date and was therefore managing it in accordance with credit card's terms and conditions, I can't reasonably say that MBNA wasn't entitled to take that action. Miss H has then continued to meet the minimum payments up to the last statement that was provided.

I've seen that on two occasions MNBA has made ex-gratia payments to Miss H's credit card account of £50, in March and May 2023, following complaints from her about late payment markers and being given misinformation. I think this shows that MNBA was reviewing the service it was providing Miss H.

Miss H then requested, in July 2023, that it was agreed she be able to enter into a payment plan as she was struggling financially. I can appreciate she was concerned as to the amount of interest being added to the balance because her monthly payments, being around the minimum contractual amount, only reduced the balance by a small amount. But as set out above, interest being charged on the balance is part of the credit card's terms and conditions, so MNBA wasn't acting unfairly by applying it.

I've also seen that in July 2023 Miss H was managing her account and her offer of £50pm was actually more than the contractual minimum. I think MNBA's decision not to accept this payment plan and freeze the interest as Miss H requested was reasonable. I wouldn't expect MNBA to agree to indefinitely suppress the interest being applied to the balance in these circumstances. Miss H could have arranged to make regular payments of £50pm without the need for a payment plan.

Miss H hasn't completed an income and expenses form for MNBA which is something that is usually required for a payment plan to be considered. Miss H will need to undertake this for MNBA to understand her financial circumstances.

Miss H has raised that the phone calls between herself and MNBA should be listened to but looking at the account notes and the history of events, I don't think I need them to understand the chronology. I can't see any evidence that MNBA has acted unfairly in the way it has dealt with Miss H's account.

So, for the reasons given above, and although I appreciate this will be of disappointment to Miss H, I'm not upholding her complaint. I don't think MNBA has acted unfairly here, it has suppressed the interest on her account for periods of time and it wasn't able to agree a payment plan with no interest being added to the balance because the account wasn't in arrears at the time and the plan was for payments in excess of the minimum contractual monthly amount.

**My final decision**

For the reasons set out above I'm not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 4 April 2024.

Jocelyn Griffith  
**Ombudsman**