

The complaint

Mr S complains that MBNA Limited irresponsibly provided him with two credit card accounts and credit limit increases (CLIs) he couldn't afford.

What happened

The first account started in February 1996 and the credit limit provided is unknown. We know that there were two CLIs, one in February 2013, where the credit limit was changed to £19,400, and one in June 2015 where the credit limit was increased to £24,400.

The second account started in March 2009 and the credit limit then is unknown. One known CLI took place in October 2022 and the credit limit provided was £16,200.

In 2023, Mr S complained to MBNA that it had lent to him irresponsibly, causing him financial difficulty.

MBNA didn't uphold the complaint. Unhappy with MBNA's response, Mr S complained to this service. Our investigator didn't recommend that Mr S' complaint should be upheld. They believed, in essence, that MBNA should have carried out checks when it lent to Mr S. But that, ultimately and in the absence of more information about the initial credit limits or his financial circumstances during the period in question, none of the lending decisions it had made on either of the accounts could be said to be unfair.

Mr S didn't agree with the investigator's findings. He said, among other things, that the level of credit provided by MBNA were unsustainable especially on his salary. He asked for the case to be passed to an ombudsman to be reviewed afresh.

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.

Having done so, I don't uphold this complaint. I'll explain why.

MBNA was required to complete proportionate affordability checks prior to advancing credit to Mr S. What's considered proportionate will vary in each case as it is unique to each lending decision. In deciding how thorough a check should be, MBNA needed to consider things such as (but not limited to) the amount of credit being advanced, the type of credit, the size and frequency of the repayments, the cost of the borrowing and Mr S' personal circumstances.

I think it likely that MBNA did obtain some information about Mr S' financial circumstances at the start of the accounts in 1996 and 2009, when it granted credit limits that are currently unknown. From what Mr S says, he was in regular work in 1996 and 2009, and had an income that reflected that. Since we don't know what the credit limits were, or what checks MBNA did or didn't carry out, I can't say with any certainty that it did anything wrong in this regard.

We know that MBNA increased the credit limit on the first account to £24,400 and to £16,200 on the second account. The available statements indicate Mr S didn't go over the previous credit limits that applied to either of the accounts once these CLIs were applied. Which means that, even if I were to uphold these aspects of the complaint, no financial loss was suffered and so no compensation would be payable.

So, I see no need to address those lending decisions in any detail here.

This leaves us with the first known CLI applied to the first account. This was for £19,400 in February 2013. Again, due to the time that's passed, there's limited information on which to base any assessment of how MBNA treated Mr S. It's not in dispute that MBNA ought to have carried out checks before increasing the credit, but it's not known what these checks entailed.

Even if I accepted Mr S' argument that MBNA didn't carry out proper affordability checks, that wouldn't be enough for me to uphold this part of the complaint. I'd also need to be satisfied that any decision to lend to Mr S was irresponsible based on his circumstances at the relevant time.

The simplest way to assess Mr S' financial situation in the lead up to February 2013 would be to review copies of his credit file and/or bank statements. This would likely help in deciding whether the lending was unaffordable for Mr S in the light of his circumstances. We've asked Mr S to provide this information and allowed ample opportunity for him to do so. I can understand why this might not be straightforward for Mr S to obtain, several years after the events in question. But, without these and based on what's still available, I can't fairly say either that the lending was affordable for him or, equally, that the lending was likely to be unaffordable for him.

I say that because, for example, I see from the credit card account statements provided, Mr S appears to have been managing the account well overall prior to February 2013. He didn't utilise the credit limit to its full extent and generally made at least the minimum monthly payments. I recognise that Mr S says he was '*robbing Peter to pay Paul*' to sustain the repayments on the account but I haven't seen any evidence to support that.

Taking all of this into consideration, I'm not persuaded that the lending decisions MBNA made in relation to either of the accounts have been shown to be irresponsible.

I've also considered whether MBNA acted unfairly or unreasonably in any other way. That includes whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think MBNA lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given, I don't 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 2 August 2024.

Nimish Patel
Ombudsman