

## **The complaint**

Mr H complains that NewDay Ltd (trading as Marbles) did not take into consideration his mental health when approving his credit card application.

## **What happened**

On 18 September 2017, Marbles approved the online credit card application Mr H had applied for, and he was given a credit card limit of £600.

In November 2017, Mr H was in contact with Marbles as his account was over the agreed limit. In early Spring 2018, Mr H and Marbles were in telephone contact with each other again, regarding his direct debit payments. Towards the end of Spring, Mr H informed Marbles that he'd entered into an Individual Voluntary Agreement (IVA) and once this was confirmed, Marbles sold Mr H's credit card debt to a third party. A month later, Mr H informed Marbles that he had mental health issues.

In June 2019, Mr H raised a complaint with Marbles and stated that they shouldn't have approved his credit card application due to his mental health issues, which he felt meant he was unable to manage his account. Marbles did not uphold his complaint and explained that they weren't informed about any mental health issues Mr H may have had until after his credit card account had been sold.

Unhappy with their response, Mr H brought the complaint to us. He told us that he was unhappy that Marbles didn't ask about his medical background and felt his credit card limit was too high, based on his credit rating. He also informed us that he didn't volunteer information about his medical background to Marbles as he was unwell at the time and didn't want it to lead to his application being rejected.

One of our investigators looked into the complaint. They explained that they couldn't uphold Mr H's complaint as Marbles were not aware of his mental health issues until after they had sold his account to the third party.

Unhappy with this outcome, Mr H has said that he didn't know what he was doing and didn't remember taking the credit card out. He doesn't think his account should have been passed to a third party and he is of the view that Marbles did not carry out a sufficient credit check, as he had more than four defaults on his credit file at the time. This has therefore been passed to me for a final 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.

Mr H has asked us if Marbles carried out the right credit checks as his credit rating was very poor. He has also commented that the application form he completed didn't ask about his medical background. His credit file shows that he had three defaults at the time of his

application, the most recent being almost two years before his application. Marbles has also confirmed that he met their criteria for a credit card, with a limit of £600 at the time of his application.

Having reviewed Mr H's application data, I can see that Mr H is right in saying the application form did not ask him about his medical background. That said, it does not follow that I would expect this to be asked as part of the application process. After considering Mr H's application and credit file, Marbles decided the risk of lending to Mr H was within their tolerance and so approved his credit card.

Mr H's application data also shows that the credit card limit requested was £600. If Mr H felt this amount was too high, he could have requested a smaller amount when he made the application. It is also possible for individuals to request a reduced credit card limit once an application has been approved. This request was not made in this instance.

All things considered, I would say it was reasonable for Marbles to approve Mr H's application and provide a credit card with a limit of £600.

Having reviewed Marbles' copy of Mr H's account notes, I can see he was in contact with them on several occasions prior to him entering into an IVA. Mr H has told us that he didn't remember taking out the credit card. However, he was in contact with Marbles on a number of occasions and at no point did he mention this to them.

Further, when Mr H brought the complaint to us, he explained that he intentionally withheld information pertaining to his mental health from Marbles. He has said this was because he was concerned that it would have resulted in a rejected application. Since our investigator issued their view and explained they wouldn't be upholding the complaint, Mr H has now informed us that he didn't know what he was doing when he took out the credit card.

This differs from his original explanation and I've thought about what's most likely, based on all of the evidence. Bearing in mind Mr H's account of what happened only changed after our investigator issued their view, I think his initial account is most likely to be what happened.

I am therefore of the view that Marbles were not informed of how Mr H's mental health was impacting him until he notified them in the Summer of 2018. As a result, it would be unfair to say Marbles should have acted on information they were not in possession of until after the account had already been passed to a third party.

Mr H has told us that he intentionally withheld information that he felt would have resulted in his application being rejected. Withholding information in order to secure credit isn't ever advisable and is something that could result in an agreement being terminated, which could have an adverse effect on an individual's credit file. In this particular case, the information Mr H withheld meant Marbles weren't in a position to offer him any support. It also suggests that he had a better understanding regarding his application than his later account indicates.

Mr H informed Marbles that he had entered into an IVA. In line with their policy they then passed the account to a third party, which Mr H thinks is unfair. I'm not persuaded it was unfair for Marbles to take such action. Entering into a formal debt arrangement will usually be an event of default on a credit agreement and can have the effect of terminating the agreement.

In circumstances where Mr H is saying that he can't afford the contractual payments, Marbles ending his ability to get further into debt seems sensible. Mr H's agreement with Marbles entitles it to pass on its rights and obligations if it wants to do so. And Marbles'

action didn't put Mr H at a disadvantage; it simply means his IVA supervisor liaises with the third-party company, rather than with Marbles.

I appreciate Mr H will be disappointed with this outcome, but I must be fair to both parties in my consideration. And in these particular set of circumstances, that means I need to consider the information Marbles were in possession of at the relevant time. I am therefore satisfied that Marbles had carried out suitable checks to grant Mr H his credit card, with a limit of £600.

### **My final decision**

For the reasons I have given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 June 2020.

Chantelle Findlow  
**Ombudsman**