

The complaint

Mr A complains that NewDay Ltd (trading as Aqua) lent irresponsibly after it approved his credit card application.

What happened

Mr A applied for an Aqua credit card in September 2016 and said he was working and had an income of £17,000 a year. The application also said Mr A had unsecured debts of £7,900.

Aqua approved Mr A's application and a credit card was issued with a £250 limit. Mr A has told us he didn't make any repayments to the credit card account. After it was closed, Aqua passed the debt to a third party.

Mr A complained and Aqua responded on 9 July 2019 but didn't agree it had lent irresponsibly. In August 2019 Mr A contacted this service and his complaint was passed to an investigator. The investigator didn't uphold Mr A's complaint and said it was reasonable for Aqua to rely on information provided by applicants when deciding whether to lend. Mr A asked to appeal so his complaint has been passed to me to make a 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 A has told us that he never made a payment towards the Aqua credit card debt and that the information about his income in the application wasn't right. Mr A says Aqua should have done more to check the information he provided before deciding to proceed. But lender's are free to decide how to assess an application and what sort of checks to complete. Before a business agrees to lend it should complete proportionate checks to ensure the repayments are sustainable. I've looked at the checks Aqua completed.

Aqua took information from Mr A's credit file and found some adverse entries. But Aqua accepts customers with some adverse credit. Aqua says the £250 credit limit reflects its decision to lend despite being aware Mr A had some adverse credit.

Mr A told Aqua he was working with an income of £17,000. I understand that wasn't the case, but I think it's reasonable for businesses to rely on the information provided by an applicant when deciding whether to lend. The income Mr A gave wasn't unusually high and I haven't seen anything that would cause Aqua obvious concern.

Aqua did look at Mr A's credit file and asked him detailed questions about his personal and financial circumstances. That information was then assessed in line with Aqua's lending criteria and used to complete a successful credit card application. Whilst I understand Mr A's concerns, I'm satisfied Aqua completed proportionate checks when deciding whether to lend and that its decision to proceed was reasonable based on what it knew. I haven't been persuaded to uphold Mr A's complaint.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 May 2020.

Marco Manente
Ombudsman