

The complaint

Mr M complains that NewDay Ltd ("NewDay") irresponsibly lent to him across several credit cards which has caused him financial hardship and debts he cannot repay.

What happened

The background to this complaint is well known to both parties and has been detailed by our investigator previously. So, I've just focused on the key events within my decision.

- Mr M took out four credit cards with NewDay, each under different brand names. I'll refer to these as Cards 1 – 4. Mr M says NewDay shouldn't have granted these cards or credit limits to him in light of his financial difficulties.
- Card 1 was taken out some time ago and bought by NewDay in 2014, it has said it has no details of the card or sale so hasn't been able to investigate this.
- NewDay said it had acted fairly by granting Card 2 with a limit of £100 initially. But it shouldn't have increased the card limit in September 2017.
- NewDay said it also shouldn't have granted Cards 3 or 4 at all in light of Mr M's financial difficulties.
- To put things right, NewDay said it would remove late and over limit fees, as well as proportionate interest for these cards (Card 2 from the time of limit increase only).
- NewDay also apologised Card 4 was still on his credit profile despite it being sold on, so it credited him £25 in compensation.
- Mr M complained to our service asking for his remaining debt to be written off, and any adverse credit information to be removed from any credit reference agencies.
- Our investigator agreed NewDay reasonably was unable to comment on Card 1 given the time that had passed and evidence available. And overall he felt NewDay's steps to put things right was sufficient, so he didn't ask it to do anything further.

Mr M disagreed, saying NewDay's actions had led him to run up further debt and charges elsewhere and it should write off the remaining balance debt. So, the complaint was passed to me for an ombudsman's decision.

I issued a provisional decision on 17 February 2021 outlining my thoughts. I've included part of this below.

- *Lenders don't have 'set checks' that they have to undertake when considering an application for credit. But they do have a responsibility to carry out appropriate and proportionate checks to ensure that the consumer can afford the lending.*
- *Card 1 – given the card was taken many years ago NewDay has no details of the sale. I agree its offer to reconsider the matter if Mr M can provide information of the account is fair.*
- *I'm satisfied Card 2 was fairly given to Mr M, following proportionate checks, in line with NewDay's lending criteria, the small card limit, and his circumstances at the time.*
- *NewDay has accepted it shouldn't have extended credit on Card 2 or lent Cards 3 or 4 at all. So what remains in dispute is how NewDay should put things right.*

- *I'm not persuaded NewDay should write off the balances that Mr M owes as he's had the benefit of the money but I do consider its actions have caused distress and inconvenience to him. And I'm not persuaded NewDay's steps to put things right addresses this personal impact. So I'm intending to award him £300 in compensation to account for this.*
- *As NewDay agreed Cards 3 and 4 shouldn't have been granted, I'm also minded to say it should remove any previous details of this lending from Mr M's credit file.*
- *I'm satisfied NewDay's apology and credit of £25 for the inaccurate reporting of Card 4 is sufficient as it has since corrected this information. I say this as it seems the impact of this would be limited in light of Mr M's wider financial difficulties.*

Mr M responded to say he accepted this decision, but NewDay disagreed, saying:

- It felt compensation shouldn't be awarded in light of the steps it had already taken by removing interest and charges.
- The increased limit of Card 2, and lending of Cards 3 and 4 were in line with its lending policy, but it had upheld the complaints because of Mr M's circumstances.
- As Card 3 and 4 were sold to a third party, there would be administrative challenges in it removing the credit file entries.

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'm still upholding this complaint.

- NewDay feels compensation isn't necessary in this case, but I've considered its reasons for saying this previously and I still disagree.
- Whether or not the lending was in line with NewDay's criteria, it has agreed that it shouldn't have provided it in light of Mr M's circumstances. So, this doesn't change my mind.
- I've carefully considered the points and reasons NewDay has given about challenges in removing the details of the credit file. But this doesn't change my thinking as I'm satisfied the lending shouldn't have been granted at all for the reasons outlined above.

My final decision

I uphold this complaint and direct NewDay Ltd to do the following.

- Remove all data relating to the Card 3 and 4 that NewDay has recorded on Mr M's credit file.
- Pay Mr M £300 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 March 2021.

Jack Baldry
Ombudsman