

## **The complaint**

Mr W has complained that NewDay Ltd (trading as Marbles Card) acted irresponsibly when they increased his Marbles Card limit twice to an unaffordable level.

## **What happened**

Mr W completed an on-line application for a Marbles Credit Card in August 2017. Marbles approved his application and issued a card with an initial limit of £300.

In December 2017, Marbles wrote to Mr W. They said that they would like to increase his Marbles Card credit limit to £1,300. They said that the new limit would be made available no later than 40 days from the date of their letter. They also said that Mr W should contact them if he didn't want his limit to increase. They provided contact details in their letter.

In April 2018, Marbles wrote to Mr W again. They said that they would like to increase his Marbles Card credit limit. This time to £2,700. They said that the new limit would be made available no later than 40 days from the date of their letter. They also said that Mr W should contact them if he didn't want his limit to increase. Again, they provided contact details in their letter.

In August 2019, Marbles wrote to Mr W. They said that he'd missed a payment and that it was important that the late payment was made as soon as possible.

In October 2019, Marbles wrote to Mr W again to tell him that his credit card agreement had been terminated. They said that the full balance was now due and that his account was now with their Debt Recovery Unit. They provided their contact details and asked Mr W to contact them.

In November 2019, Marbles sold the outstanding debt to a Debt Collection Agency. Mr W wrote to Marbles in January 2020 to complain. He said that his initial credit limit of £300 was very manageable. But he said that they increased his limit on two occasions that meant he ran up a large amount of debt which wasn't affordable. Mr W wanted Marbles to refund the interest charged from June 2018 onwards.

Marbles responded to Mr W's complaint in April 2020. They apologised for the delay in their response and explained that they'd been investigating his complaint. They didn't agree that they'd done anything wrong here. So, they said that they wouldn't be refunding interest as Mr W had requested.

Mr W was unhappy with Marbles response. So, he decided to refer his complaint to this service. One of our investigators looked into Mr W's complaint. She didn't think that Marbles needed to do anything more here. Mr W didn't agree so he asked that his complaint be referred to an ombudsman 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.

In reviewing Mr W's complaint, I need to consider whether the checks and assessments that Marbles completed here were reasonable and proportionate. Also, whether they were enough to satisfy them that Mr W would be able to repay any credit in a sustainable way. If they were, I need to consider if their decision to lend was a fair one, given the information they had.

Section 5.2A.20 of the Consumer Credit Sourcebook (CONC) provides examples of the factors that need to be considered and the circumstances, under which, they should be applied.

I have looked at the information provided by Mr W to Marbles when he first applied for the credit card. He states that he was self-employed with an income of £30,000 per year. He also said that there was additional household income of £15,000 per year. He had existing unsecured debts of £11,400 and nine active credit accounts. There is no evidence of any outstanding payday loans or arrears and no current adverse information reported at the time. It showed that Mr W had previously had defaults reported. But it said that the most recent default was 42 months prior to his application.

Marbles have said that this falls within their policy as a "second chance lender" that offers lending to people who have been rejected by other 'high street' lenders. Marbles is entitled to decide who they lend to and, if they want to accept the risk of lending to people that other business may not lend to, they are free to decide that. But that doesn't mean that they don't have the same obligations as other lenders to perform borrower focused assessments that any lending they provide is affordable and sustainable.

Mr W has provided us with a copy of his credit report dated April 2019. Although this is more recent, it does show the recorded history of all active and closed credit agreements over the preceding six years. It shows no evidence of any financial problems with any of the existing credit agreements that he had at the time of his application.

Given the information provided by both Marbles and Mr W, I don't believe that Marbles' decision to lend here was unreasonable. I think it performed appropriate and proportionate checks to ensure that both the original card limit was affordable and to assess how the subsequent credit limit increases would impact on Mr W.

I say this because Marbles has provided information to show that each time Mr W's credit limit was increased it took account of the information it had available about him and went through its normal process to check his eligibility for the increase. When Marbles increased the limits here, Mr W's credit limit had never been exceeded, and his payments had always been made on time. In December 2017 Mr W repaid the entire outstanding balance. He went on to reuse the credit limit without any evidence of problems.

Marbles have said there was no evidence of financial difficulty, arrears or affordability indicators being reported by credit reference agencies either. This is confirmed by the information provided by Marbles and from the credit report provided by Mr W. Whilst it was clear that Mr W had other credit outstanding, the information that I've seen suggests that Mr W was managing his credit in a controlled manner. I agree that there was no evidence of financial difficulty.

Marbles have said that they "*apply a 'low and grow' strategy...*" and "*will often start with a lower amount and review the account with a view to increasing*". This is ultimately what

happened here – and there is no evidence to suggest that Mr W had asked for a lower limit or was unhappy with having his limit increased.

The limit increase letters sent to Mr W by Marbles are clear in their content. They give Mr W an option to refuse the limit increases offered. I can find no evidence that Mr W did refuse the limit increases. When the increases were applied, Mr W used them on a regular basis and without any evidence of financial pressure.

The financial difficulties experienced by Mr W didn't show until August 2019. Up until that point, while Mr W had been fully utilising his credit limit, all payments had been made on time and his credit limit hadn't been exceeded. So, I can't see anything that would lead Marbles to conclude that Mr W was having problems before then.

I realise that Mr W will be disappointed, but from the information presented, I believe that the checks and assessments that Marbles completed were reasonable and proportionate here. I don't think that there was anything to reasonably suggest that Mr W would be unable to manage the credit offered to him prior to the limit increases. So, I shan't be asking Marbles to do anything more.

### **My final decision**

For the reasons set out above, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 May 2021.

Dave Morgan  
**Ombudsman**