

## **The complaint**

Miss B complains that NewDay Ltd irresponsibly lent to her.

## **What happened**

- In April 2017, Miss B took out an Aqua credit card with NewDay. At this time she set out she was employed, declared her income and NewDay was able to see her other outstanding debt from a credit search. It granted her a limit of £600.
- In August 2017, Miss B was offered to increase her limit to £1,500, which she accepted. In December 2017, she was offered a limit increase to £2,250, which she also accepted. In May 2018, she was offered a further increase to £3,500, which was again accepted. This was her last credit increase for this card.
- In February 2019, Miss B applied and was accepted for a Debenhams card with NewDay. She was approved for a £500 limit. A few months after this Miss B applied to increase her limit to £750 but NewDay declined this.
- In November 2019, Miss B complained to NewDay that it had irresponsibly lent to her. She said the credit limit increases of her Aqua card shouldn't have been offered to her. And that the Debenhams card was unaffordable and she shouldn't have been approved for it. She explained her financial situation meant that she couldn't afford these debts and she was having to borrow money to make her repayments.
- NewDay didn't uphold her complaint. It said Miss B had met its lending criteria for all the Aqua credit increases as well as the Debenhams card. It said it had carried out proportionate checks and, in relation to the Debenhams card, as Miss B was managing her Aqua account well and making more than the minimum payment this also factored into its decision to lend.
- Miss B brought her complaint to our service. She also complained that, since making her irresponsible lending complaint, NewDay had closed her accounts so she could no longer spend on either of her credit cards. Our investigator didn't uphold her complaint. She didn't think NewDay had lent irresponsibly and said that it had done proportionate checks for the increases/new card. And she said it was able to stop Miss B's cards under the terms of the accounts, as part of responsible lending.
- Miss B disagreed with the investigators outcome and asked for an ombudsman to review the case. She said the limit increases and the Debenhams card put her further into debt – and that these wouldn't have been offered to her if the correct checks had been completed. And she reiterated the financial difficulties the closure of the accounts had caused her.

## **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've decided not to uphold the complaint for these reasons:

- NewDay has shown us the checks it carried out for the Aqua card limit increases and these are proportionate to the lending increases. At the times of the increases Miss B had kept up to date with her payments and had often paid more than the minimum payment towards the card – so this didn't suggest she was struggling financially. Her credit file also didn't show any new adverse entries, so suggested that she was managing her other debts and financial commitments well too. I understand from Miss B that this was because she was borrowing from other places to ensure she kept up to date with payments, but NewDay didn't know this. And I can't say this was something it needed to enquire about, as the data it did hold didn't suggest any issues or reason to carry out additional checks.
- I have looked at Miss B's bank statements for the time she applied for the Debenhams card and I do accept they show she isn't able to manage all her outgoings within her own salary. However, NewDay wasn't aware of this. On application Miss B declared her salary and essential monthly outgoings – and this left around 50% of her salary 'available'.
- Before approving her for the Debenhams card, I can see NewDay checked Miss B's credit file and look at how she was managing her other debts. And it was able to look into her Aqua credit card in greater detail as it also owned this account. And while Miss B had increased her unsecured debt a lot in the time between taking out these two cards, she was still managing all this debt well – according to her credit file. There were no new adverse entries and she passed its internal criteria in relation to the proportion of her outstanding debt to income.
- NewDay granted Miss B a £500 limit and didn't allow her to increase this, so this meant minimum repayments of under £30 a month for this card. I think the checks NewDay carried out were proportionate to this limit and that the information these showed didn't suggest this was irresponsible. While I accept that Miss B may have been in the early stages of financial difficulty at this time, this wasn't reflected in her credit file or the management of her Aqua card. And considering the limit on the Debenhams card, I can't say NewDay needed to do additional checks, such as ask Miss B for her bank statements before approving her for it.
- I understand that Miss B is also unhappy NewDay has since closed both her accounts. While I appreciate why this has caused her difficulty – as she's said she relies on these cards – at the same time she's complained that she's in financial difficulty. And that she can't afford to repay this borrowing – so NewDay has closed the accounts to prevent her spending further. I can't say this is unfair of NewDay considering Miss B's complaint. And the terms and conditions Miss B agreed to for both cards set out that NewDay may stop the use of the cards as part of responsible lending, so it has acted in line with these.

### **My final decision**

For the reasons set out above, I don't uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 August 2021.

Amy Osborne  
**Ombudsman**