

The complaint

Ms M complains that NewDay Ltd irresponsibly allowed her to open two credit card accounts which were unaffordable.

What happened

Ms M says she opened two NewDay credit card accounts in 2020. She says the lending was unaffordable and NewDay didn't carry out any checks on her applications. Ms M says she was in financial difficulties and says NewDay has recorded her income incorrectly. She would like the interest and charges refunded and the amount she owes written off.

NewDay says it carried out appropriate checks on both applications. It says the first account was opened in July 2020 with a £600 credit limit, and Ms M told it she earned £35,000 a year and had debts of just over £2,000. NewDay says the second account was opened in November 2020 and Ms M gave it similar information as well as telling it there was additional household income of just under £2,000 a month. The credit limit was £700 on this account and NewDay says it offered Ms M help when she told it about her financial difficulties but says there was no adverse information on her credit file.

Ms M brought her complaint to us and our investigator didn't uphold it and thought NewDay carried out appropriate checks. The investigator thought Ms M told NewDay what her income was, and it was her responsibility to provide accurate information. The investigator thought Ms M had managed her existing credit appropriately and there wasn't any adverse information that NewDay ought to have considered.

Ms M doesn't accept that view.

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 have come to the overall view that I don't uphold this complaint. I appreciate Ms M will be disappointed by my decision.

Lenders and credit providers should carry out reasonable and proportionate checks on any application for credit and borrowing. Those checks will of course vary depending on the type of lending and the amount involved. I am looking at a credit facility here rather than for example a loan.

I can see that Ms M applied for both accounts and would have been responsible for providing NewDay with her income details. I can see that she told NewDay she was earning £35,000 a year and there was additional household income of £2,000 a month. I have looked at NewDay's records and can see that it carried out checks on the applications and calculated Ms M's debts at between £2,000 and £4,200. So, I'm satisfied NewDay carried out proportionate and reasonable checks on both applications and was entitled to consider that Ms M didn't have any adverse information on her credit file such as defaults or missed

payments. It follows that I don't think NewDay acted irresponsibly or that the lending was unaffordable at the time of the lending.

I have looked at Ms M's account statements from the first account and can see that she made appropriate repayments for some time after the account was opened which I think provides further evidence NewDay's lending decision wasn't irresponsible.

Overall, I find NewDay carried out reasonable and proportionate checks on both credit card applications and that the lending decisions were affordable. I'm also satisfied that NewDay approved both accounts with relatively modest credit limits and tried to help Ms M when she told it about her financial difficulties. For those reasons I can't fairly order NewDay to refund any charges or interest and I make it clear to Ms M that I wouldn't have ordered the debt to be written off, even if I thought the lending unaffordable, as she had the benefit of the money.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 21 June 2021.

David Singh
Ombudsman