

The complaint

Ms B complains that NewDay Ltd, trading as Aqua, failed to correct her credit file after it upheld a complaint she brought against it for irresponsible lending.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my 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.

Having done so I will be upholding this complaint for the following reasons:

- NewDay has accepted that by increasing Ms B's credit limit it had made her financial situation worse. So it agreed to refund interest, over limit fees and late payment fees related to Ms B's account after it implemented her first credit limit increase in January 2015. It said it should have realised Ms B was having difficulty because of the late payments being continually added to her account.
- The rules and guidance of the regulator, the Financial Conduct Authority (FCA) obliged NewDay to lend responsibly. As set out in the regulator's Consumer Credit Sourcebook (CONC) 5.3.1G it states:

2. The creditworthiness assessment and the assessment required ... should include the firm taking reasonable steps to assess the customer's ability to meet repayments under a regulated credit agreement in a sustainable manner without the customer incurring financial difficulties or experiencing significant adverse consequences.

- NewDay said it can't say that the reasons Ms B was in arrears in, for example, December 2018, was as a result of a credit limit increase which had taken place in January 2015. It said it wasn't evident the credit limit increase was the reason Ms B's account periodically entered arrears after January 2015. But NewDay has accepted it made Ms B's financial situation worse. I'm persuaded a consequence of this would be that Ms B likely would, and in fact did, have difficulty making payments. This then led to adverse markers being placed on her credit file.
- NewDay said it should not have offered Ms B any credit limit increase in December 2014, due to four consecutive late payments previously, and I'm satisfied that the markers on her credit file after January 2015 are an adverse consequence of NewDay increasing that limit.

Putting things right

In order to put things right NewDay should remove all adverse data that was recorded on Ms

B's credit file from 20 January 2015.

My final decision

My final decision is that I uphold this complaint and NewDay Ltd, trading as Aqua must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 23 July 2021.

Maxine Sutton
Ombudsman