

## **The complaint**

Mrs M complains that NewDay Ltd lent irresponsibly when it approved two credit cards and a loan in her name. Mrs M also complains that NewDay increased her credit limit.

## **What happened**

In August 2017 Mrs M applied for a credit card with Marble. In the application, Mrs M said she was a employed earning £28,000, a tenant and had around £9,100 of unsecured debt. Marbles carried out a credit search and didn't find any adverse credit or arrears. A credit limit of £300 was approved.

NewDay went on to increase the credit limit on Mrs M's Marbles credit card in stages to £2,600 in August 2018. In September 2018 Mrs M applied for a Debenhams credit card with NewDay. In the application, Mrs M said she was employed and earned around £30,000. Mrs M also gave details of her partner's income. Mrs M recorded her outgoings as around £1,300 a month. Mrs M said she had around £12,000 of unsecured credit. NewDay completed another credit check but didn't find any adverse information. The application was approved with a credit limit of £1,750.

In November 2018 Mrs M applied for a loan for £5,000. The application was made on the basis of an income of £1,900 after tax each month and NewDay included outgoings of around £1,100. NewDay says it looked at Mrs M's credit file and didn't find any adverse information. The loan was approved and Mrs M began making monthly repayments.

In March 2019 and October 2019 NewDay increased the credit limit on Mrs M's Marbles credit limit, reaching £4,400. NewDay says that, each time, its decision to approve the credit limit increase was in line with its lending criteria and took Mrs M's existing credit card use and credit file into account.

Mrs M complained to NewDay that it had lent irresponsibly. NewDay responded to Mrs M's complaint but didn't agree it had lent irresponsibly. NewDay said it had carried out lending checks before each decision to approve new borrowing. Mrs M referred her complaint to this service and it was passed to an investigator. They thought NewDay had dealt with Mrs M's complaint fairly and didn't ask it to do anything else. Mrs M didn't agree so her complaint has been passed to me to make a 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.

Mrs M has complained about two credit cards and a loan that NewDay approved over a period of around two years. Before a business agrees to lend, it should complete reasonable and proportionate checks to satisfy itself the borrower can maintain the repayments in a sustainable way. There's no set list of checks lenders have to carry out. Factors like the applicant's income and circumstances, amount of the borrowing, term and number of other commitments along with what a business knows about the borrower will all be taken into

account when deciding what checks are proportionate. I've looked at whether NewDay carried out proportionate checks when it offered new lending to Mrs M.

When Mrs M first applied for a Marbles credit card she told NewDay her income was £28,000 and that she had around £9,100 of unsecured debts. NewDay carried out a credit search and didn't find any adverse information. NewDay found unsecured credit that was in line with the amount Mrs M gave in her application. NewDay applied its lending criteria and approved Mrs M's application with a credit limit of £300. I'm satisfied NewDay carried out proportionate checks when it approved Mrs M's Marbles credit card and that it lent responsibly.

NewDay increased Mrs M's credit limit in stages to £2,600 by August 2018. I've looked at the information NewDay took into account and can see it continued to review Mrs M's credit file. No new adverse information was found. I can see Mrs M did make a late payment and also went £50 over the credit limit but NewDay says its lending criteria took these into account. I haven't seen anything in the information NewDay had available that showed Mrs M was experiencing financial difficulties. I'm satisfied NewDay did complete proportionate checks before deciding to increase Mrs M's credit limit and that its decision to do so was reasonable.

Mrs M applied for another credit card in September 2018. In her application, Mrs M gave a slightly increased income figure and also provided details of the total household income. Mrs M provided living and accommodation costs as well. Mrs M also gave an unsecured credit figure of around £12,000 that was confirmed when NewDay looked at her credit file. I note Mrs M owed around £1,200 on her Marbles credit card against a credit limit of £2,600. NewDay has told us it took Mrs M's income and outgoings into account along with the information found on her credit file. NewDay says Mrs M's existing credit card had been well maintained and its decision to approve the new card was in line with its lending criteria. I've considered all the available information and I'm satisfied NewDay did carry out proportionate checks before deciding whether to approve Mrs M's new credit card. I haven't found NewDay lent irresponsibly.

In November 2018 Mrs M applied for a loan with NewDay to consolidate other credit commitments. NewDay has says it used Mrs M's declared income of £1,900 a month after tax, along with the household income it previously recorded. NewDay also took Mrs M's living costs into account when deciding whether to proceed. NewDay says it didn't find any evidence of arrears or new adverse credit showing on Mrs M's credit file and that its decision to approve the loan was in line with its lending criteria. I also think it's reasonable to note Mrs M has told us she took the loan to consolidate other debts. And bank statements provided show Mrs M did use the loan funds for that purpose. I'm sorry to disappoint Mrs M, but I think NewDay's decision to approve her loan was reasonable based on the information it had available.

In March and October 2019 NewDay increased the Marbles credit limit, reaching £4,400. Again, NewDay says it took Mrs M's income and outgoings into account along with information it found on her credit file. NewDay also looked at how Mrs M's credit card had operated. I can see the balance was substantially below the credit limit both times NewDay increased it. I've looked at the checks NewDay carried out and I'm satisfied they were proportionate in this case and haven't found its decision to increase the credit limit was unreasonable.

I'm very sorry to disappoint Mrs M but I'm satisfied NewDay did complete proportionate checks and that its decision to approve the credit cards and later increase the credit limit was reasonable. I'm also satisfied NewDay's decision to approve the debt consolidation loan Mrs M applied for was reasonable based on the information it had available. As I'm satisfied

NewDay lent responsibly and that it has dealt with Mrs M's complaint fairly, I'm not telling it to take any further action.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 5 August 2021.

Marco Manente  
**Ombudsman**