

## **The complaint**

Mr W complains that NewDay Ltd trading as Aqua irresponsibly allowed him to open a credit card account and later increased his credit limit which was unaffordable.

## **What happened**

Mr W says Aqua didn't carry out any affordability checks on his credit card account application or on any of the later credit limit increases. He says he was in financial difficulties at the time and Aqua's lending was irresponsible and unaffordable. Mr W would like all interest and charges refunded.

Aqua says the account was opened in 2017 and Mr W declared an income of £26,000 with additional household income of a further £26,000. It says it carried out appropriate checks on the application as well as on the later credit limit increases and that it calculated Mr W's debt at the time as £200. Aqua says Mr W managed his account appropriately and made all required payments often in excess of required amounts. It says it checked Mr W's credit file and that there was no adverse information recorded on it in the months before the application and that Mr W made required payments until 2019. The last credit limit increase was in 2018.

Mr W brought his complaint to us and our investigator didn't uphold it. The investigator thought Aqua carried out appropriate checks on the application and on the later credit limit increases. The investigator thought Aqua was entitled to consider Mr W's appropriate account management and lack of adverse information on his credit file. The investigator thought the financial difficulties were caused by Mr W's wife being unable to work due to an injury.

Mr W doesn't accept that view and says he had other loans and credit card accounts at the time.

## **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 Mr W will be disappointed by my decision.

Lenders and credit providers should carry out reasonable and proportionate checks on any credit or lending application. Those checks will of course vary depending on the type and amount of the credit or lending. This was an application for a credit facility rather than a loan or mortgage and so I wouldn't expect Aqua's checks to have been as detailed as for those types of lending.

I appreciate Mr W says Aqua didn't carry out any checks on his application or on the later credit limit increases. But I don't think that is the case and I'm satisfied such checks were carried out and that Aqua fairly considered Mr W's income and calculated the level of his

debts. I appreciate Mr W says he had other debts at the time, but I don't think he has provided any evidence of them or provided a copy of his credit file. I'm satisfied that Aqua fairly took in to account the lack of recent adverse information on Mr W's credit file before approving what I think was a modest credit limit of £300. So, I don't think Aqua made a mistake or acted unfairly by approving Mr W's credit card application and that its lending decision wasn't unaffordable or irresponsible.

I have looked carefully at Aqua's records and can see that Mr W managed his account appropriately before the credit limit increases in 2018 which I think he could have rejected. I can see Mr W made all required payments and normally paid significantly more than the minimum required payment. And that Aqua did carry out further checks on the credit limit increases and considered the account usage which I don't think suggested any financial difficulties. It follows that I don't think the credit limit increases were unaffordable or irresponsible.

Mr W has told us that his wife was unable to work and that he had to cover the household bills. I think on balance that was likely to have been the reason for Mr W's financial difficulties and not Aqua's lending decision. I can't fairly hold Aqua responsible for that significant change in Mr W's circumstances. I also think Mr W made required payments for some time after the last credit limit increase which I think provides additional evidence the lending at the time was affordable.

Overall, I'm satisfied Aqua did carry out reasonable and proportionate checks on Mr W's credit card account and on the credit limit increases. It follows that I can't fairly order Aqua to refund any interest as Mr W would like.

### **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 Mr W to accept or reject my decision before 9 August 2021.

David Singh  
**Ombudsman**