

The complaint

Mr H complains that NewDay Ltd trading as Opus lent irresponsibly when it approved his credit card and later increased the credit limit. Mr H also says Opus failed to help while he was experiencing financial difficulties.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. In my provisional decision I explained why I didn't intend to uphold Mr H's complaint. I said:

Mr H successfully applied for a credit card with Opus in March 2018 and was given a £600 credit limit. When Mr H applied, Opus found he had some defaults around 16 months before and some County Court Judgements that were around three years old. Mr H told Opus he was employed and earned £29,500 and was a tenant. Opus didn't find any active arrears on Mr H's credit file or any other recent adverse credit.

Mr H used his credit card and made monthly payments. In September 2018 Opus wrote to Mr H to say it had decided to increase his credit limit to £1,000 and he contacted it a short time later to accept. The credit limit went up in October 2018.

Around six months later, Mr H started to miss payments and Opus wrote to him to request contact. Mr H has told us he sent Opus an email and asked for help. Opus says it has no record of receiving Mr H's email or being advised he was experiencing financial difficulties. In May 2019 Opus sent Mr H a Default Notice and followed it up with confirmation it had recorded a default with the credit reference agencies in June 2019. Mr H's account was closed and subsequently sold to a third party.

Last year, Mr H complained and Opus issued a final response. Opus said it had approved Mr H's credit card and credit limit increase in line with its lending policy. But Opus said it had reviewed his account and accepted the credit limit increase wasn't suitable. As a result, Opus refunded a total of £224 of interest and charges to Mr H's credit card debt. Opus refused to amend Mr H's credit file to remove the default.

Mr H referred his complaint to this service and it was passed to an investigator. They thought Opus should amend Mr H's credit file as it had lent irresponsibly. Opus didn't agree and repeated that it had approved the credit limit in line with its lending policy. Opus asked to appeal, so Mr H's case has been passed to me to make a decision.

What I've provisionally 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.

I'm sorry to disappoint Mr H but I have reached a different view of his complaint to the investigator. Whilst I can see Mr H did experience financial difficulties and his credit card was closed and defaulted, I'm not persuaded Opus lent irresponsibly when it approved his

credit card and later increased his credit limit. In addition, I haven't found that Opus treated Mr H unfairly whilst he was in financial difficulties. I'll explain why.

Before a lender offers credit or increases a credit limit it should complete proportionate checks to ensure maintaining the debt is sustainable for the borrower. There's no set list of checks a lender has to complete so I've looked at the information Opus had to hand when it considered Mr H's application and credit limit increase.

In the application, Mr H told Opus he was employed with an income of £29,500. Opus found Mr H owed around £300 to other unsecured creditors. Opus also noted Mr H had defaults from around 16 months before his application along with some CCJs that were around three years old. I can see Mr H had a reasonable amount of adverse credit recorded against him. But Opus says it considers applications where the adverse information isn't new and that the application was approved in line with its lending criteria. I'm satisfied Opus was aware of the Mr H's adverse credit and the dates it was added to his credit file when it considered whether to lend.

I note that the initial £600 credit limit was reasonably modest. Taking all of the information I have available into account, I'm satisfied Opus did carry out proportionate checks before its decision to approve Mr H's credit card. I haven't found Opus lent irresponsibly when it approved Mr H's credit card application.

Around six months after the application was approved, Opus wrote to Mr H to say it had decided to increase his credit limit. I've looked at the checks Opus says it completed. Again, Opus took Mr H's income along with the information contained in his application into account. Mr H's credit file didn't show a substantial increase in other borrowing, missed payments or any new adverse credit. The credit limit increase was reasonably modest at an additional £400. I've looked at the information Opus had available and I'm satisfied it did complete proportionate checks before it decided to increase Mr H's credit limit. I'm very sorry to disappoint Mr H, but I haven't been persuaded that Opus lent irresponsibly in this case.

Mr H has also told us Opus failed to help him whilst he was experiencing financial difficulties. I understand Mr H sent Opus an email asking for help, but I can also see that Opus tried to contact him about his account and arrears on several occasions. Opus has confirmed it has no record of receiving Mr H's email and that it received no response to its requests for Mr H to get in contact about the arrears on his account. As Opus didn't receive a response to its attempts to contact Mr H and no payments were made after March 2019 I think its decision to close and default the credit card was fair.

Mr H says he didn't receive any of the arrears letters or default notices from Opus. Mr H told our investigator in June 2018 he moved from the address Opus had for him but didn't update the business. I can see Opus wrote to Mr H at the address it had on file and I think it could've reasonably been expected to be given his new address when he moved. I also note that Opus wrote to Mr H in September 2018 with the credit limit increase letter and he then contacted it to confirm he wanted to accept. So it does appear some post that was sent by Opus was received by Mr H. Overall, I'm satisfied Opus sent arrears and default letters to the address Mr H gave as required.

Opus looked at Mr H's credit card and found the credit limit increase wasn't suitable so refunded interest and charges he paid. I'm pleased Opus took that step and has used the refund to reduce Mr H's debt. But Opus has told us the decision to apply the refund was made on the information that became available after it had already increased Mr H's credit limit, not before. And I agree that the information available to Opus when considering Mr H's application and the credit limit increase indicated he was able to sustainably make payments.

I understand my decision will come as a disappointment to Mr H but I haven't found it lent irresponsibly in this case or that it failed to treat him fairly while he was experiencing financial difficulties. Based on the available information, I'm satisfied Opus has dealt with Mr H's complaint fairly, so I'm not telling it to take any further action or increase the award.

I asked Mr H and Opus to respond with any new information they wanted me to consider before I made my final decision. We didn't hear back from Mr H and Opus responded to say it had nothing further to add.

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.

As neither party has sent me new information to consider I see no reason to change the conclusions I reached in my provisional decision. I remain of the view that Opus dealt with Mr H's complaint fairly, for the same reasons.

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 Mr H to accept or reject my decision before 5 August 2021.

Marco Manente
Ombudsman