

The complaint

Ms S complains that NewDay Ltd trading as Marbles irresponsibly allowed her to open a credit card account which was unaffordable.

What happened

Ms S says the Marbles credit card account was unaffordable from the time it was opened, and that Marbles didn't carry out any affordability checks on it. She says if those checks had been carried out then it would have been obvious the lending was unaffordable. Ms S says the credit limit increases were also unaffordable, and she had other debts. She would like compensation for what took place and for the distress she was caused. And would like all charges and interest refunded. Ms S would also like her credit file amended as a default was recorded on it.

Marbles says it did carry out appropriate checks on the account application and before offering the credit limit increases. It says there wasn't any adverse data recorded on Ms S's credit file and she managed her account appropriately for some time after the last credit limit increase. Marbles says Ms S told it about financial difficulties in July 2018 and the last credit limit increase took place in July 2017. It says Ms S told it she had an income of £22,000 with additional household income of £15,000 and calculated her debt as £5,600.

Ms S brought her complaint to us and our investigator upheld it. The investigator thought appropriate checks were carried out on the application in May 2016 and the original credit limit of £450 was affordable. The investigator thought the later credit limit increases were not appropriate and that Marbles ought to have carried out further checks and looked at Ms S's banks account statements. He thought Ms S's debt had increased to over £10,000 and there was evidence of Ms S using all of the credit limit as well as taking out payday lending. The investigator thought that Ms S's debt level reduced as her husband took out a loan for £10,000 and recommended interest and charges be refunded.

Ms S accepts that view, but Marbles doesn't accept it. In summary Marbles says it used data from the Credit Reference Agencies (CRA's) it uses and says it can't check all of the CRA's. It says the payday lending was settled and couldn't know why Ms S's debt reduced. It also says it is not appropriate to check bank statements and maintains the account was well managed for some time after the last credit limit increase.

My provisional decision

I issued a provisional decision on this complaint and said I have come to the provisional view that Marbles didn't make a mistake or act unfairly in offering the credit facility and by later increasing the credit limits.

I explained that lenders and credit providers should carry out reasonable and proportionate checks on any lending or credit facility application. Those checks will of course vary depending on the type of lending and the amount involved. This was an application for a credit card account with a credit facility rather than for example a loan or mortgage and so I

wouldn't have expected Marbles checks to be as detailed here as for those types of borrowing.

I looked at the application made in 2016 and could see Ms S declared an income of over £20,000 and that she was in employment. I also saw there was additional household income of £15,000 and so total household income of over £35,000 with what I thought was a relatively low debt of just over £5,000. I was satisfied having looked at Marbles records that it carried out checks on the application and that it took into account the lack of any recent adverse information on Ms S's credit file. So, I said I was satisfied Marbles carried out reasonable and proportionate checks on the application and approved what I thought was a relatively modest credit limit of £450. I didn't think the lending decision was irresponsible or unaffordable.

I could see that the credit limit was increased from £450 to £650 in August 2016. I was satisfied having looked at Marbles records that it carried out reasonable and proportionate checks before offering the increase and was reasonably entitled to consider that Ms S had managed the account reasonably well. I said that it follows that I thought the increase was affordable and was for a relatively modest amount.

In March and July 2017, the credit limit was increased in total to £2,050. I accepted this was a significant increase. But I was satisfied that Marbles did carry out affordability checks and did carry out further checks with the CRA it uses. I didn't think it reasonable or proportionate to expect Marbles to check with each of the CRA's or to have requested Ms S's bank statements to check her spending and or debt in these circumstances. I was satisfied that Marbles was reasonably entitled to consider how Ms S managed her account and that she made appropriate payments and appeared to manage her account appropriately. I didn't think Marbles could have known that Ms S's husband had taken out a loan for £10,000 which had the effect of reducing Ms S's unsecured debt or that it ought to have carried out any further checks on the credit limit increases.

I looked carefully at Marbles records and could see that Ms S managed her account appropriately for some time after the last credit limit increase. I thought on balance that suggested the 2017 credit limit increases were affordable and so not irresponsible. I could also see that in July 2018 Ms S told Marbles that she was in financial difficulties due to a change in her personal circumstances. I didn't think Ms S has told us what that change was, but I thought it likely it was that change that led to Ms S's financial difficulties and not the opening of the credit card account and later credit limit increases.

I appreciated Ms S had other debts, but I thought she took out further borrowing sometime after the Marbles account was opened and sometime after the last credit limit increase in July 2017. I said I would look at the dates of that borrowing if Ms S provided further details and would like Marbles to provide the account statements from January 2017 to July 2018 as it is far easier to review the account from that information rather than from its provided spreadsheets. I didn't think Ms S had explained why she was in the financial difficulties as on the face of it, it's not clear, or if the difficulties were caused for example by her husband's debt.

Ms S nor Marbles has responded to my provisional decision or provided the information I requested.

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 reached the same overall decision that I did in my provisional decision and for the same reasons.

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 S to accept or reject my decision before 18 August 2021.

David Singh
Ombudsman