

## **The complaint**

Mr N 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 N says Aqua shouldn't have allowed him to open the credit card account and shouldn't have increased the credit limits. He says he was in financial difficulties throughout the time period and that checks were not carried out. Mr N says Aqua didn't consider how he would repay his debt and didn't require details of his income and expenditure. He says he had a default on his credit file and would like a refund of interest and charges.

Aqua says Mr N applied for the account in 2016 and it increased the credit limit from 2017 to 2020. It says Mr N declared an income of nearly £29,000 and it calculated his debts at £1,200. Aqua says it did carry out appropriate checks at the start and before the credit limit increases. It says Mr N told it he had lost his job in July 2020 and says that he managed his account appropriately before that time.

Mr N brought his complaint to us and our investigator didn't uphold it. The investigator thought appropriate checks were carried out and that the account was well managed. The investigator also thought the loss of job may have caused the difficulties and couldn't see details of a loan Mr N said he had on the credit file used by Aqua.

Mr N doesn't accept that view and says his bank statements show his financial difficulties and says some of the income the investigator said he had was housing benefit.

## **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 N will be disappointed by my decision.

Lenders and credit providers should carry out reasonable and proportionate checks on any lending or credit applications. Those checks will of course vary depending on the type and amount of the lending or the size of the credit facility. This was an application for a credit facility by Mr N and so I wouldn't have expected Aqua's checks to have been as detailed as for example a loan or mortgage. I don't think Aqua was obliged to look at Mr N's bank account statements

I appreciate Mr N says Aqua didn't carry out any affordability checks. But having looked at its records, I'm satisfied that it checked his credit file and calculated his existing debt. I can see Mr N declared an income of over £29,000 and that he had on the face of it, limited other debts which amounted to £1,200. I can see that Aqua considered Mr N's default but also considered that he appeared to manage other credit agreements appropriately. So, I'm satisfied that Aqua carried out reasonable and proportionate checks on Mr N's application

and that its lending was not unaffordable or irresponsible. I'm also satisfied NewDay approved what I think was a very modest credit limit of £250.

I have looked at Mr N's account and can see that on the whole he managed his account appropriately. I appreciate on occasions he exceeded his credit limit but also think he made required payments. So, I'm satisfied Aqua was entitled to consider Mr N's account management when deciding to increase his credit limit and that it did carry out further checks on them. I can see that Mr N was able to use his account in this country and abroad and continued to manage his account appropriately until he says he lost his job.

I am sorry to read that Mr N lost his job but think it likely it was that event that led to the affordability issues and not the original decision to lend or the credit limit increases.

Overall, I'm satisfied appropriate checks were carried out by Aqua and so it follows I can't fairly order it to refund any interest or charges which I think were correctly applied in line with agreed account terms and conditions.

### **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 N to accept or reject my decision before 23 September 2021.

David Singh  
**Ombudsman**