

The complaint

Mr B complains of irresponsible lending by NewDay Ltd trading as Aqua. He would like any further action on his debt to be stopped pending our investigation

What happened

The details of this complaint are well known to both parties so I won't repeat them again here instead I will focus on giving the reasons for my 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.

Having done so I agree with the conclusions reached by our investigator for the following reasons: -

- I accept NewDay is a second chance lender whose accounts have been designed to help customers with lower credit ratings. But that take away the obligation to offer credit responsibly
- There is some dispute as to whether NewDay was aware that Mr B had 17 payday loans when at the time of his application. From what I have seen I do believe that NewDay did have this information.
- However even if NewDay didn't have this information what's not in dispute is that Mr B declare income in relation to unsecured debt was very low. I think that should have indicated to NewDay that more investigation into Mr B's financial situation would have been prudent. That might have clarified the payday loan issue. And having seen Mr B's credit file it would also have shown that Mr B had made enquiries about 15 other payday loans. I think that information would have shown that Mr B was struggling financially which was confirmed by the fact he fell behind with his repayments just two months after he opened his NewDay account.
- I am not persuaded that NewDay acted responsibly in offering Mr B credit.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement NewDay Ltd should:-

- Refund all interest and charges applied to Mr B's account. This amount should be used to reduce any outstanding balance on the account. In the event of any surplus this should be refunded with 8% simple interest to Mr B

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 15 November 2021.

Bridget Makins
Ombudsman