

The complaint

Mr G complains that NewDay Ltd (trading as Marbles) lent to him irresponsibly.

What happened

On 6 March 2017, Mr G applied for a Marbles credit card and was given a limit of £600. He used the card regularly but in November 2018 stopped making payments and fell into arrears. Due to this, Marbles sent Mr G a default notice in November 2019.

In June 2020, Marbles were contacted by a debt charity on behalf of Mr G, who explained he was experiencing financial difficulty. Marbles placed Mr G's account on a payment plan and agreed he could pay £1 per month. This was increased to £5 a month from August 2020, when a second default notice was sent.

In January 2021, Mr G raised a complaint with Marbles as he felt they shouldn't have authorised the credit card in the first place, due to his financial background.

Marbles responded to Mr G's complaint and explained they are a second chance lender, meaning they will allow for negative information on a person's credit file, as their accounts have been designed to help those with a lower credit rating.

They said that at the time of application, Mr G told them he was employed with a gross annual income of £21,600, and that he had an unsecured debt of £100. Following this, Marbles said they carried out further checks, and from these they were able to see that Mr G had two defaults with a total value of £2,700, the last one having been in place 14 months prior. They also couldn't see that Mr G had any adverse public records, payday loans, or accounts in arrears. He had four active accounts and one past search on his credit file.

Based on this, Marbles said that Mr G met their acceptance criteria and as a result was given a credit limit of £600.

In relation to the difficulties experienced by Mr G, Marbles explained that following contact from a debt charity, they set up an arrangement for £1.00 per month. This was then reviewed in August 2020 following further contact from the charity and was increased to £5 per month.

Our investigator was of the opinion that Marbles had carried out sufficient checks when deciding whether or not to lend to Mr G. He explained that the credit limit offered was modest, and that it wasn't a requirement that Marbles should have checked Mr G's bank statements. He also felt that what they had done since authorising the credit was fair and so didn't ask Marbles to remove any negative markers from Mr G's credit file.

Mr G didn't agree, so the complaint has been passed to me for review.

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.

After considering everything, I agree with the investigator for the same reasons. I will explain why.

Mr G has said that at the time of applying for the credit card, a search on his credit file would have shown multiple defaults, and that he had previously taken out payday loans with different lenders. He said that he asked Marbles to increase his limit multiple times, which was declined, and that this should have prompted them to check his credit file and intervene.

He also said that Marbles should have asked for his bank statements at the time, because if they had done this, they would have seen that he had a gambling problem, with his income going to creditors, spent on essentials like food and rent, and to multiple gambling websites. He has explained that their records would also show he withdrew cash at casinos and got cashback at betting shops before the change came into force stopping people from using credit cards at these facilities.

Marbles have provided the results of the checks they carried out when deciding whether or not to lend to Mr G. Amongst other things, the data suggested that Mr G didn't have any accounts in arrears, no other payment arrangements or debt management programmes, no payday lending, and that his last default was 14 months prior to the application. I can also see that Marbles carried out an affordability check to see how much Mr G was earning. So on the face of it, I'm satisfied they did enough to check whether the credit limit was affordable, and that Mr G would be able to repay it sustainably.

Mr G has said that had Marbles checked his statements they would have seen that he had a gambling problem, with a lot of his credit being spent on gambling websites and cash withdrawals at casinos. While this may be the case, and while a lender's checks should be proportionate, it's not a necessary requirement in all lending cases for the bank to ask for, and check account statements.

Based on this, I am satisfied that Marbles carried out sufficient affordability and eligibility checks prior to agreeing the £600 credit limit, and that they made a fair lending decision when assessing whether the debt could be repaid sustainably.

Turning now to what happened after the account was opened, I can see from Mr G's April 2017 statement that as soon as he was given the credit card he spent over the £600 limit, and that he continued to spend either over the limit or remained very close to it. He also said that four months after getting the card he made multiple payments to a gambling website, which continued.

Marbles have said that in total, they have refunded £96 in charges and have made further goodwill payments to Mr G. I feel this is fair. And since being contacted by the debt charity, I am satisfied that Marbles have treated Mr G positively and sympathetically by setting up the repayment plans, taking into account what he can afford to pay.

We wouldn't usually expect a lender to consistently monitor how someone spends on their account, but we would expect them to act on any information they are provided with. I'm satisfied that the approach taken by Marbles shows they acted reasonably, and in line with their obligations to treat their customers fairly. They also signposted Mr G to different debt charities that would be able to help if he was still experiencing financial difficulties.

To be a responsible lender, Marbles have an obligation to report accurate information to the CRAs. Because of this, I won't be able to ask them to remove any of the markers on Mr G's credit file. But he does have the option of adding a notice of correction if he wishes to. He will need to send this direct to the CRAs, and it will appear next to the marker entry for any future lenders to see. Mr G may find this link helpful if he wishes to do this:
<https://www.experian.co.uk/consumer/guides/notice-of-correction.html>.

Overall, having considered everything, I don't believe Marbles lent to Mr G irresponsibly and I am satisfied the checks they carried out were reasonable and proportionate. Because of this, I won't be asking them to refund any further interest or charges.

My final decision

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 September 2022.

Danielle Padden
Ombudsman