

## **The complaint**

Miss M complains that NewDay Ltd trading as Marbles irresponsibly allowed her to open a credit card account which was unaffordable and irresponsibly increased the credit limits.

## **What happened**

Miss M says the Marbles account was opened in October 2017 with a credit limit of £250. She says appropriate checks were not carried out and that the account shouldn't have been opened as it was unaffordable. Miss M says the credit limit was increased to £3,400 which was again unaffordable, and she would like all interest and charges refunded. She says she was on benefits at the time and all income went into her partner's account.

NewDay says it carried out appropriate checks before approving the account. It says Miss M told it she was employed receiving an income of just under £14,000 a year and that there was additional household income of just over £30,000 a year. It also says it looked at Miss M's credit file and could see her only other debt was £100. NewDay says Miss M told it about financial difficulty in 2020 when her partner's job was lost.

Miss M brought her complaint to us and our investigator didn't uphold it. The investigator thought NewDay could have carried out more checks before the credit limit increases but didn't think it likely they would have provided any information which it ought to have considered. The investigator didn't think it likely NewDay would have asked to see Miss M's partners bank account statements and didn't think Miss M's credit file showed any recent adverse data. The investigator thought Miss M appeared to manage her account appropriately.

Miss M doesn't accept that view and says she only paid minimum required monthly amounts and says the investigator's view is contradictory.

## **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 Miss M will be disappointed by my decision.

Lenders and credit providers must carry out reasonable and proportionate checks on any lending or credit application. Those checks will of course vary depending on the type and amount of that lending or facility. This was an application for a credit facility rather than for example a mortgage and so I wouldn't have expected NewDay's checks to have been as detailed as for that type of lending but of course appropriate checks must be carried out.

I can see that Miss M told NewDay she had income of just under £14,000 and that there was additional household income of just over £30,000. And I can see that NewDay did carry out checks on the application by looking at Miss M's credit file and that it did carry out affordability checks on the application. I can see that NewDay calculated Miss M's other debt

at £100 and considered her previous debt. So, I'm satisfied that NewDay did carry out reasonable and proportionate checks on the credit card account application and approved what I think was a modest credit limit of £250. It follows that I don't think the original lending decision was wrong or that the account was unaffordable.

The credit limit was then increased on four occasions. I appreciate what the investigator says that NewDay could have carried out further checks but that it difficult to see what they would have revealed. And I agree with what the investigator says. I have looked carefully at Miss M's account statements before the credit limit increases and am satisfied that Miss M managed her account appropriately by making required payments on time. So, I'm satisfied that NewDay was entitled to consider that before increasing the credit limit. I don't think a request to see Miss M's bank account statements would have helped NewDay in these circumstances as it's clear they were fairly limited, and Miss M has told us that her partner's account was the main account.

So, I don't think any further checks by NewDay would have revealed any information that would have or ought to have resulted in it concluding any further credit limit increases were unaffordable. And I think Miss M's managed her account appropriately after those increases which I think provides additional evidence the increases were affordable at the time. I can see Miss M made appropriate payments on occasions more than required and didn't use the full account balance immediately after the last increase.

I can see that in 2020 Miss M told NewDay that her partner's job had been lost and that her working hours had been reduced. I think on balance that it was those factors rather than the account itself that led to financial difficulties.

Overall, I'm satisfied that NewDay didn't lend irresponsibly to Miss M and so I can't fairly order it to refund any interest or charges.

### **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 Miss M to accept or reject my decision before 29 August 2022.

David Singh  
**Ombudsman**