

The complaint

Miss M complains that NewDay Ltd trading as Aqua ('NewDay') irresponsibly gave her a credit card account that she couldn't afford.

What happened

In November 2017, Miss M applied for a credit card account with NewDay. She was given an initial credit limit of £300. The credit limit was never increased.

In 2021, Miss M complained to NewDay to say that the account shouldn't have been opened for her because it wasn't affordable and that NewDay ought to have made a better effort to understand her financial circumstances before giving her credit.

Our adjudicator recommended the complaint not be upheld. Miss S didn't agree. So, the complaint has been passed to me to decide.

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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

NewDay will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Miss M's complaint is that NewDay made credit available that was unaffordable. NewDay has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer at each stage of its lending. It's possible that NewDay failed to make adequate checks before providing Miss M with credit. But even if that's true, I don't think better enquiries would have caused NewDay to think the initial credit limit was unaffordable.

I say this because Miss M told NewDay at the point of sale that she was employed and earning a good salary. The initial credit limit was very modest and the maximum monthly payments for that credit would also have been very modest. I have noted the existing borrowing but do not think this was so substantial as to make this lending automatically unreasonable.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Miss M to the contrary, I have seen insufficient evidence to think that

more thorough affordability checks would have led NewDay to think that the credit it provided Miss M was unreasonable. Further, I'm not persuaded that what NewDay could see of her management of other credit ought to have prompted it to have acted differently than it did.

I know that Miss M will be disappointed with my decision. But I want Miss M to know that I considered all the submissions made in this case. Having done so, I have not found sufficient evidence to uphold this complaint.

My final decision

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 24 August 2022.

Douglas Sayers
Ombudsman