

## **The complaint**

Mr O complains that NewDay Ltd ("NewDay"), trading as Aqua, irresponsibly granted him a credit card account that he couldn't afford to repay.

## **What happened**

Mr O entered into an agreement with NewDay to have access to credit with an account that was opened for him in February 2018. The account had an opening credit limit of £900.

Mr O says that NewDay didn't complete adequate affordability checks when it opened his account. He says that had it done so, NewDay would have seen he had a history of bad debt.

NewDay didn't agree. It said that it carried out a reasonable and proportionate assessment to check Mr O's financial circumstances before granting him the account.

Our adjudicator didn't recommend the complaint be upheld. She thought NewDay didn't act unfairly or unreasonably by approving the account.

Mr O didn't agree and so his complaint has been passed to me for a final 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.

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.

Before granting the new account NewDay looked into Mr O's financial situation. I think NewDay gathered a reasonable amount of evidence and information from Mr O about his ability to repay his account. This included completing a credit check with credit reference agencies. The check showed he already had around £25,000 in unsecured borrowing and ongoing credit commitments. It also showed that the defaults against him were now historical, being around 21 months previous to the account opening. Also, it showed Mr O had previously had a payment arrangement with another creditor but that this was now settled. However, just because I think it carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

I've also looked at the other information and evidence NewDay gathered, including from his initial application. Having done so, I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mr O. I say this because Mr O's card application details showed him as having an annual income of around £37,000 – plus further household income of around £18,500 - and that he was a homeowner with a mortgage. So,

given his financial history and the income he'd declared alongside the relatively low credit limit he'd been given, I don't think NewDay acted unfairly when approving the finance application.

It follows that, having looked carefully at all the available evidence and information, I don't think I've seen evidence or information that shows NewDay was unfair in allowing him to open the account and that regular, sustained payments on the account would be unaffordable. I can't reasonably conclude that at that point NewDay ought to have known he would struggle to make the repayments.

I'm therefore not persuaded that NewDay acted unfairly in approving the account.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 12 August 2022.

Michael Goldberg

**Ombudsman**