

The complaint

Mr B complains that NewDay Ltd trading as Fluid lent irresponsibly when it approved his credit card application.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

In October 2020 Mr B applied for a credit card with Fluid. In his application, Mr B said he was living with his parents, employed and had an income of £25,500 a year. Fluid carried out a credit search and found Mr B owed around £18,400 in unsecured credit with no arrears or other adverse information recorded. Fluid approved a credit card with a £900 credit limit.

Last year, Mr B complained that Fluid had lent irresponsibly. Fluid sent Mr B a final response but said it had carried out reasonable checks and approved his credit card in line with its lending criteria. An investigator at this service went on to uphold Mr B's complaint and said Fluid should've carried out better checks before agreeing to lend. Fluid asked to appeal, so Mr B's complaint has been passed to me to make a decision.

What I've provisionally 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 reached a different decision to the investigator. Having looked at the information available, I haven't been persuaded that Fluid lent irresponsibly when it approved Mr B's credit card. Before a business agrees to lend, it should take reasonable steps to ensure it does so in a responsible way.

There's no set list of checks a lender has to complete. In practice, this means businesses should ensure proportionate checks are carried out to make sure the customer can afford to repay the borrowing in a sustainable way. These checks should take into account various factors, like the amount being lent, the costs to the borrower each month, credit history and the consumer's income and outgoings. As the relationship between lender and borrower progresses, the business may need to consider carrying out more comprehensive checks to ensure the borrower can afford repayments in a sustainable way.

In this case, Fluid asked about Mr B's living situation and was told he lived with parents. Fluid asked about Mr B's income and carried out a credit search to look at his ongoing commitments. I can see that Fluid found a reasonable level of unsecured credit in Mr B's name. I've reviewed Mr B's credit file and note he had a hire purchase agreement that made up the majority of his unsecured borrowing. I can see a regular monthly payment of around £250 were considered, along with the cost of servicing Mr B's other credit. Mr B told Fluid he was living with his parents and I haven't seen anything that shows he gave

details of other living costs. I'm satisfied Fluid factored the ongoing costs of servicing Mr B's existing credit into its application.

I also think it's reasonable to note that Mr B's credit file showed he was up to date with his existing commitments and had no arrears, defaults or other adverse credit. The credit limit Fluid agreed was reasonably modest at £900 which meant there was a lower risk of increasing Mr B's commitments.

In my view, Fluid did carry out reasonable and proportionate checks before approving Mr B's credit card application. I haven't been persuaded that Fluid lent irresponsibly in this case.

I invited both parties to respond with further information they wanted me to consider before I made my final decision.

Mr B responded and said that prior to his application with Fluid his credit file had missed payments and defaults that have since been removed following successful complaints. Mr B also gave details of his regular outgoings required to service credit in his name and said Fluid had added to pressure to make repayments. Mr B didn't accept my view of his complaint.

Fluid responded and advised it had nothing further to add.

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'd like to thank Mr B for his detailed response to my provisional decision. I appreciate he found the findings I reached disappointing and I've considered the points he's made in response.

Mr B has given us details of his monthly outgoings to service other credit at the time of his application with Fluid. Mr B also says he had numerous arrears and some defaults on his credit file at the time he applied. But, the evidence Fluid has supplied includes records of what it found on his credit file. And there's no active arrears or defaults showing in the credit file information it obtained in October 2020 when his application was considered.

Mr B says the information has largely been removed because of successful irresponsible lending complaints. Whilst that may be the case, I'm satisfied Fluid has supplied evidence to show it found no arrears or defaults on Mr B's credit file when he applied in October 2020.

I have relooked at the information Fluid had available when it considered Mr B's credit card application. I still think Fluid carried out reasonable and proportionate checks before approving Mr B's credit card, for largely the same reasons. I'm very sorry to disappoint Mr B but I haven't been persuaded that Fluid lent irresponsibly when it approved his credit card application. As I'm satisfied Fluid dealt with Mr B's complaint fairly, I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 August 2022.

Marco Manente
Ombudsman