

The complaint

Mr G complains about the way that NewDay Ltd dealt with his applications for credit cards and the dealings with his accounts.

What happened

Mr G applied for three credit cards with NewDay, along with a number of credit limit increases over the course of three and a half years. These were as follows:

Credit card 1 (Aqua):

Date	Credit Limit
May 18 (issued)	£450
Jan 19	£1,000
Nov 21	£1,750

Credit card 2 (Amazon):

Date	Credit Limit
Oct 18 (issued)	£500
Oct 18	£750
Mar 19	£1,500
Sep 21	£2,000

Credit card 3 (Fluid):

Date	Credit Limit
Nov 21	£1,200

Mr G advised NewDay on 4 October 2021 that he was having difficulty making the payments towards the credit cards and had gambling problems.

NewDay reviewed his accounts and put a hold on credit cards 1 and 2. After reviewing his

complaint NewDay agreed that credit card 3 shouldn't have been issued and that the credit limit to credit card 1 shouldn't have been increased in November 2021. It refunded the fees charged on that credit card after the second credit limit increase. No fees or charges had been incurred in respect of credit card 3. Mr G enquired about a medical write-off for the accounts and he was supplied with the necessary forms by NewDay. He was unhappy however that NewDay told him there would still be a default logged against his credit record when he'd understood the accounts would be marked as settled.

Mr G was unhappy and referred his complaint to the Financial Ombudsman. He didn't think that NewDay had dealt fairly with him in respect of his gambling addiction. He also said NewDay failed to keep him updated once he made them aware of his circumstances and with his complaint.

Our investigator said he was satisfied that NewDay had acted fairly and reasonably given the circumstances.

Mr G didn't agree and asked for an ombudsman's 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.

suspending the credit cards

Mr G believes that NewDay shouldn't have suspended all three credit cards when he advised it of his difficulties. As Mr G had notified NewDay of his gambling and mental health problems, I think suspending the credit cards was a reasonable and proportionate response.

NewDay is entitled under the terms of the credit cards to do this, if keeping the cards active would have presented a risk that Mr G would have been unable to repay further credit. Having accepted his gambling addiction, and Mr G having enquired about writing off the accounts I don't think it would have been reasonable to expect NewDay to provide further credit.

the service provided

Mr G complains that NewDay didn't keep him updated once he'd enquired about a medical write off, and didn't keep him updated subsequently about his complaint. I've noted that Mr G spoke with NewDay on 4 October 2021 when he first advised it of his gambling problem, and enquired about a medical write-off. He was sent the forms and although I note that he made subsequent calls to NewDay, I think it had taken what action it could after the call in October. It was still awaiting his forms which he eventually decided not (at least up until now) to return.

Strictly speaking how a business handles a complaint is not a regulated activity so I don't have any power to consider that aspect. I do note in any event that Mr G complained on 20 November 2021 and received a response by 23 December 2021, well within the 8 weeks allowed by the regulations to respond to a complaint.

financial difficulties

There are three elements to this, firstly whether NewDay should have issued the credit cards in the first place, secondly whether it should have increased the credit limits on the cards and thirdly whether it should have taken further steps on learning of his gambling and mental

health problems. I understand that Mr D feels he had to make a complaint of irresponsible lending in order to get the fees and charges reduced or waived.

In respect of credit card 1 Mr G said in his application that he had a gross annual income of £6,000, and £100 in unsecured debt. He had no defaults, no adverse public records, no payday loans, and no accounts in arrears. He was issued with a card with a credit limit of £450. In light of the modest amount of credit given I think NewDay's checks were proportionate and it acted fairly in providing the card.

In respect of credit card 2 he declared a gross annual income of £10,000, access to his partner's income of £1,397 a month net, and had debts of £400. The checks revealed no other adverse information, so I think it was reasonable of New Day to issue the card.

With regard to credit card 3, clearly this shouldn't have been issued. Having already suspended his other two cards and also noting his unsecured debt had jumped to £4,700 it's difficult to understand how this met NewDay's acceptance criteria. NewDay also said it didn't take into account personal and health circumstances in the application process. I would strongly suggest that it should if aware of them. As NewDay has already upheld Mr G's complaint concerning this card, and as no fees or other charges have been incurred on the card, I won't take any further action.

In respect of the credit limit increases on cards 1 and 2, I note that Mr G maintained his accounts well and paid the monthly minimum payment or more on each card. I also understand that it was Mr G who asked for the credit limit increases.

In respect of credit limit increases NewDay says:

"As part of our commitment to responsible lending, we regularly review how our customers are using their accounts, along with how they are managing their other credit commitments and make risk-based assessments to ensure we are lending appropriately. This type of review may result in either an increase or decrease to the credit limit."

Mr G's accounts, as I've said appear have been well maintained. The two cards he used appear to have been used for retail products and there is no indication of gambling activity on either card. There were some cash withdrawals though again as the cards were well maintained I can't see that this would have raised any issues with NewDay about Mr G's financial circumstances. So, it would appear that NewDay followed its acceptance criteria in agreeing to the credit limit increases on the two cards.

This is with the exception of the limit increase applied in November 2021 to credit card 1. Clearly at that stage NewDay would have been aware of the suspension of the cards so it's difficult see why it agreed an increase in the limit. I would suggest it reviews its procedures to ensure this doesn't happen again. As it has upheld Mr G's complaint concerning these increases and as it has already refunded the fees charged in this respect I won't take any further action.

fees charged

I understand that Mr G is seeking a refund of the fees charged for cash withdrawals and was advised to make a formal complaint to get this done. However, I don't think the application of a fee for cash withdrawals is unreasonable and is something that applies to most credit card providers. And, as I've noted, there was nothing from the way Mr G ran his credit cards accounts to indicate that he may have been having gambling problems (until he told NewDay). So I don't think it was unreasonable for NewDay to apply those fees to his

accounts. I've noted it refunded the fees charged on credit card 1 after he notified it of his problems.

adverse credit record

I understand that Mr G has been told that even if NewDay wrote off the balances on his cards for medical reasons it would still record a default on his record. Mr G hasn't applied for the write-off as yet. The position is that both cards are suspended with the interest frozen which means that effectively NewDay won't be pursuing Mr G for the balances. If a business is at fault for adverse information appearing on a customer's credit file we can order it to remove that information. But as the cards at present remain suspended, I can't fault NewDay for recording that. If Mr G does decide to apply for the balances to be written off for medical reasons we could only look at the situation as it applied at the time. I can't require NewDay to take further steps or ask it to do something about a future event which hasn't yet happened without knowing the precise situation at the time. So I can't require NewDay to amend its credit record.

overall

Overall, apart from the two instances of issuing one credit card and increasing the credit limit on the other, I think that NewDay has acted reasonably. So I won't be asking it to take any further action.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 30 September 2022.

Ray Lawley
Ombudsman