

The complaint

Mr D complains that NewDay Ltd irresponsibly gave him a credit card account that he couldn't afford.

What happened

Mr D took out a credit card whilst he was a student and working part time. Mr D feels he was pressured into taking out the credit. He feels the lending was irresponsible.

In 2022, Mr D complained to NewDay Ltd to say that the account shouldn't have been opened for him because it wasn't affordable and that NewDay Ltd ought to have made a better effort to understand his financial circumstances before giving him credit.

Our adjudicator didn't recommend the complaint be upheld. Mr D 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 Ltd 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.

Mr D's complaint is that NewDay Ltd made credit available that was unaffordable. It is not straightforward trying to determine affordability because Mr D has not been able to provide any bank statements from the times in question. And NewDay Ltd has explained that it purchased a portfolio of accounts in 2014, including Mr D's account. And as they hadn't made the original lending decision or the subsequent credit increase decision, they could throw little light on the nature of the affordability checks that took place when the card was taken out, or the credit increase was made.

So, it's possible that the credit provider, now a NewDay Ltd account, failed to make adequate checks before providing Mr D with credit. But even if that's true, that wouldn't mean that Mr D's complaint would uphold automatically. We would then assess Mr D's financial circumstances to see if the lending was affordable.

Mr D has explained that the passing years mean he is unable to provide his bank statements for the period in question. He has provided some National Insurance

information but that is insufficient for me to establish the full income Mr D had at that time. And I have insufficient evidence of Mr D's committed expenditure at the time. These are the things I would consider when thinking about the affordability of the credit given to Mr D. So, in the absence of such evidence, I haven't seen sufficient evidence to think that the credit was unaffordable.

Mr D felt he was coerced into taking the card. Pressure is a subjective matter, and I have noted that, partly due to the face to face nature of the transaction, Mr D has no evidence that supports his complaint point. But in the absence of any supporting evidence, I have seen insufficient evidence to uphold Mr D's complaint, on this point alone.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr D to the contrary, I have seen insufficient evidence to think that more thorough affordability checks would have led NewDay Ltd to think that the credit it provided Mr D was unreasonable.

I know that Mr D will be disappointed with my decision. But I want Mr D to know that I have noted 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 don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 November 2022.

Douglas Sayers
Ombudsman