

The complaint

Mrs B complains that NewDay Ltd irresponsibly gave her an Amazon Mastercard credit card account that she couldn't afford. For simplicity I will refer to the business as 'NewDay'.

What happened

On 2 April 2020, Mrs B applied for a credit account with NewDay. She was given an initial credit limit of £500. The credit limit was increased twice; to £1,500 on 31 December 2020 and to £2,750 on 26 April 2021.

In 2021, Mrs B 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 increasing her credit limits.

Our adjudicator recommended the complaint be upheld in part. NewDay didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 8 September 2022, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the adjudicator's view and that it was my intention not to uphold Mrs B's complaint. I set out an extract below:

"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.

Our adjudicator's assessment provided a detailed account of all the increases of credit and they are summarised above. Neither party has called the specifics into question, so, I don't intend to cover them off here.

Mrs B's complaint is that NewDay made credit available that was unaffordable. NewDay has explained that it carried out a credit check using a credit reference agency to determine the amount of credit it was able to offer and to consider this in association with Mrs B's management of her account in making further lending decisions about credit limit increases. It's possible that NewDay failed to make adequate checks before providing Mrs B with credit. But even if that's true, I don't think better enquiries would have caused NewDay to think the initial credit limits or the credit increases were unaffordable.

I say this because the initial credit limit was modest and the minimum monthly payments for that credit would have been relatively modest as well. From the evidence submitted, there were no payment issues in the life of this account through all of the increases to the credit limit. And the credit file suggests that throughout this time Mrs B was managing her other credit well.

It's not straightforward trying to determine affordability at the time of the lending. Mrs B has provided some statements for one of her bank accounts. But whilst it is interesting because it shows a number of entries to do with gambling, I don't think this is the bank account that NewDay would have been shown had they conducted a more searching check of Mrs B's finances. I say that because the bank account I have seen has no entry for Mrs B's income, which was presumably paid into a different account. And the statements we have seen have no entries for normal expenditure, such as housing costs, utilities or food.

So, I don't think that the statements we have been shown would have been presented to NewDay, had they asked for statements, because they don't show normal income and expenditure. And it is clear from the statements that Mrs B had another account. Mrs B has been asked to send us statements for that account, but at the time of writing has not done so. But because we haven't seen those statements, I can't be satisfied that NewDay would have found any of the lending it offered Mrs B to be unaffordable.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Mrs B 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 Mrs B was unreasonable. Further, I'm not persuaded that the way Mrs B was managing her account or 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 Mrs B will be disappointed with my decision, but I want Mrs B to know that I considered all the submissions made in this case. But having considered all the submissions in this case, particularly those at the time of the credit and the credit increases, I have not found sufficient evidence to uphold this complaint."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 22 September 2022. At the time of writing, neither NewDay nor Mrs B have acknowledged receiving the decision, made any further submission or made a request for a time extension to do so. I think that both parties have had sufficient time to make substantive further submissions if they had wished to. So, I am proceeding to my 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.

Given that there's no new information for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons for not upholding Mrs B's complaint, I have nothing further to add.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or

reject my decision before 25 October 2022.

Douglas Sayers
Ombudsman