

## **The complaint**

Ms C says NewDay Ltd, trading as Fluid, irresponsibly lent to her.

## **What happened**

Ms C opened a Fluid card in November 2019. It had a £300 credit limit. She says that was affordable for her at the time but as her circumstances changed NewDay should not have increased her credit limit to £1,300 in July 2021. She was on maternity leave and half pay between April and August 2021 and received notice of redundancy in July 2021. Proper checks would have shown her situation had changed. She was not consistently repaying her balance in full and this should have been considered.

Our adjudicator did not uphold Ms C's complaint. He looked at the initial lending decision and said from the results of NewDay's checks, which were proportionate, the lending seemed affordable. But he thought NewDay should have carried out better checks before increasing Ms C's credit limit. However, based on the information he had seen from Ms C's bank statements he thought the increase seemed sustainably affordable and so NewDay had not acted unfairly. He explained that NewDay's credit check did not show the default Ms C referenced.

Ms C disagreed. In summary, she said the evidence she provided has not been properly scrutinised and the assessment favours NewDay. A default had been on her file since 2020 so how did NewDay not see this? The facts she has put forward show the credit limit increase was not affordable – her salary had fallen, and her redundancy had been confirmed.

As an agreement was not reached the complaint was passed to me to make 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.

First I want to respond to Ms C's comment that we favour the big corporations and not individual customers. We are an independent and impartial organisation and we do not act on behalf of banks or consumers - it is not in our interest to find in favour of one party over the other.

Our approach to unaffordable/irresponsible lending - including all the relevant rules, guidance and good industry practice - is set out on our website and I have followed it here. NewDay is required to lend responsibly. It needed to conduct checks to make sure that the credit facilities it was giving to Ms C were affordable and sustainable. Such checks need to be proportionate to things like the credit limits it offered Ms C, how much she had to repay (including interest and charges) each month, her borrowing history with it and what it knew about her. But there is no set list of checks it had to do.

As there is no dispute about the initial lending I will focus here on the limit increase.

This means to reach my decision I need to consider if NewDay carried out proportionate checks at the time of the increase; if so, did it make a fair lending decision based on the results of its checks; and if not, what better checks would most likely have shown.

NewDay has provided the information it based its checks on prior to increasing Ms C's limit. This included how she was using and managing her account and data on her external borrowings from the credit reference agencies. I don't think there was anything in that information that ought to have concerned NewDay. She asks why it didn't see the default that had been on her file since 2020, but there can be discrepancies between what she would see on her full file and the extract a lender might see – there can be timing differences, and not all lenders report to all agencies. Ms C also raised that she was not consistently clearing her balance in full, but I don't think that in itself should prevent a credit limit increase.

I do think NewDay ought to have updated its income and expenses check given Ms C still had a substantial level of external borrowings – albeit they had reduced since she took out the card. Ms C sent in her bank statements from the months prior to the limit increase. I am not saying NewDay ought to have asked for copies of them, but it is a way for me to understand her finances at the time, and to see what NewDay would most likely have seen if it had carried out better checks. Having reviewed her statements I don't think NewDay would have reached a different decision had it carried out better checks. There were no signs of financial stress – for example, Ms C was not reliant on an overdraft facility, she was not using payday loans and was able to afford discretionary spend, as well as making payments into savings accounts. I think from proportionate checks NewDay would have fairly concluded the additional credit would be sustainably affordable for Ms C.

I anticipate Ms C will dispute this as she has told us she could not afford her bills, and I am not saying Ms C had no financial worries, but given the value and type of borrowing I don't think it would have been proportionate for NewDay to carry out the depth of analysis needed to discover if that was the case. She referred to a loan repayment for £455, but the earliest evidence I found that she was making that payment was 16 August 2021 – so after NewDay made its decision.

Ms C also raised that her redundancy had been confirmed, and I can see she signed an agreement on 9 July 2021 with her employment ending on 31 December 2021. But unless she had disclosed that to NewDay I don't think proportionate checks would have uncovered it to allow NewDay to take it into account.

It follows I don't think NewDay was wrong to increase Ms C's credit limit.

### **My final decision**

I am not upholding Ms C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 26 December 2022.

Rebecca Connelley  
**Ombudsman**