

## **The complaint**

Miss B complains that NewDay Ltd irresponsibly gave her a credit card account that she couldn't afford.

## **What happened**

In December 2016, Miss B's credit card was opened by NewDay Ltd with an initial credit limit of £300. This credit limit was never increased.

In 2022, Miss B complained to NewDay Ltd to say that the account shouldn't have been opened because it wasn't affordable and that NewDay Ltd ought to have made a better effort to understand her financial circumstances before opening the credit card and agreeing to reopen the credit after she the debt management plan ended.

Our investigator didn't recommend the complaint be upheld. Miss B 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.

Miss B's complaint is that NewDay Ltd made credit available that was unaffordable. NewDay Ltd has explained that it relied in part on information that Miss B provided at the time of application to assess affordability. They said they carried out a credit search in Miss B's name to assess Miss B's level of debt at that time and to understand how she had been managing that debt. With that information and using their own scoring metric, NewDay Ltd decided to agree to the credit limit of £300. So, the checks for affordability seemed proportionate for such a very modest credit limit.

The NewDay Ltd checks showed that Miss B had only a modest amount of other borrowings compared to her declared income. And I have noted that Miss B's credit file was reasonably clean at the time of the application. When I say this, I mean that Miss B's management of her existing credit showed no recent history of CCJ's, defaults or any late payments. So, it seemed from the credit file that at the point that the lending decision was made, Miss B was affording her existing credit. And so, NewDay Ltd were not put on notice of any reason not

to agree the lending from that. And so, I don't think that the information that NewDay Ltd had at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Miss B's financial situation.

I have to look at the information that was available to NewDay Ltd at the time it made its lending decisions and not to use hindsight. And I have seen insufficient evidence that the other information that NewDay Ltd acquired or had presented to it at the time of the lending decision, would have led them to think that the relatively modest credit they were offering was unreasonable.

Latterly, NewDay Ltd arranged a debt repayment plan for Miss B when one was asked for. And when that plan was paid off and Miss B asked for use of the card again, NewDay Ltd allowed that with the same very modest credit limit. I have seen insufficient evidence of any wrongdoing in these activities by NewDay Ltd. Even so, NewDay Ltd has provided a goodwill gesture of the refunds of fees and interest since 12 January 2021.

So, having considered all the submissions made in this case, I have seen insufficient 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 Miss B to accept or reject my decision before 11 January 2023.

Douglas Sayers  
**Ombudsman**