

The complaint

Mr V complains that NewDay Ltd acted irresponsibly by opening several credit card accounts and increasing his credit limit.

What happened

Mr V complains about NewDay's decision to open three credit card accounts and subsequently increase the credit limits on each.

When opened between 2018 and 2019, the initial combined limit of the three cards was £2,300. However, following increases in 2019 and 2020, this combined limit increased to £8,550.

Mr V says he already had substantial amounts of debt and NewDay's lending decisions put him into financial difficulty.

Mr V complained to Newday requesting a refund of all the interest he'd paid. However, Newday didn't uphold his complaint and explained that their lending affordability checks and decisions had been made correctly.

Mr V then complained to our service, however our investigator didn't think Newday had been irresponsible in its decisions to lend.

As Mr V remains dissatisfied this case has now been referred to me to look at.

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.

Having done so, while I know this will come as a disappointment to Mr V, I don't think NewDay has acted unfairly or unreasonably in its dealings with Mr V or that it has been irresponsible in its lending to him, and I'll explain why.

In deciding whether NewDay lent irresponsibly to Mr V, I considered whether, at the times the credit cards were provided and the limits on the three cards increased, this lending was affordable.

NewDay opened the three cards, with a combined limit of £2,300, between December 2018 and March 2019. When looking at the information NewDay considered when Mr V first applied for a card, I could see that they performed a number of checks such as looking for payday loans and checking with credit reference agencies. These checks revealed no indicators that he couldn't afford the first card's maximum £500 limit. This was the same when he applied for two extra cards which increased his combined total limit to £2,300. Also, Mr V's salary had increased by £2,000 per annum in this period.

So, although Mr V had sizeable loans and other credit cards, it looks like NewDay considered these loans alongside checks into Mr V's wider financial situation and made a

decision to lend on the basis the credit cards would be affordable. I think that's a reasonable decision to have made here.

I then looked at the credit limit increases which NewDay subsequently agreed. I could see that between 2018 and 2020 Mr V's debt decreased by a greater proportion than his credit card limit increases.

In addition, the overall debt on his credit cards had fallen to the lowest amount it had been since the card was opened and Mr V wasn't utilising the full balance of his credit cards. So, considering these factors and NewDay's lending criteria, I also don't think NewDay were irresponsible when increasing his credit card limits.

Also, I couldn't see that Mr V informed NewDay that he was experiencing financial difficulty or that there was anything else that NewDay could have been reasonably aware of at the time that would have caused it to think twice about the affordability of the limit increases here.

So, although I understand Mr V's frustrations here, I haven't seen anything which suggests NewDay have acted unreasonably or unfairly, and I don't think they need to do anything further in this case.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 March 2023.

Paul Douglas
Ombudsman