

## The complaint

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

## What happened

On 23 November 2015, Mr C applied for a credit account with NewDay Ltd. The credit was approved with an initial credit limit of £450. There were three increases to the credit limit. It rose to £1,450 on 6 May 2016, to £2,650 on 15 September 2016 and to £3,750 on 24 August 2018. The debt was sold to a third party in March 2019.

In 2021, Mr C 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 increasing his credit limits.

Our adjudicator recommended the complaint be partially upheld. NewDay Ltd didn't agree. So, the complaint has been passed to me to decide.

I issued my provisional decision in respect of this complaint on 13 January 2023, 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 Mr C'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 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.*

*Our adjudicator's assessment provided a detailed account of all the increases and suspensions 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.*

*Mr C's complaint is that NewDay Ltd made credit available that was unaffordable. It is not straightforward trying to determine affordability because Mr C has not been able to provide any bank statements from the times in question, or to have provided more detail about the income coming into the home during this time. NewDay Ltd has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer. It's possible that NewDay Ltd failed to make adequate checks before providing Mr C with credit and for the credit increases. But even if that's true, I don't think better enquiries would*

*have caused NewDay Ltd to think the initial credit limit or the credit increases were unaffordable.*

*I say this because the initial credit limit was modest and the maximum monthly payments for that credit would have been relatively modest. And subsequently through all of the credit increases the account was well managed. Overall, the payments were not missed or under paid for the most part and Mr C was not using the full credit limit available to him. And it was many months after the last credit limit increase that NewDay Ltd were contacted about financial difficulties. I've seen no evidence that NewDay Ltd failed to treat Mr C with forbearance when he did.*

*I have also noted the credit file that Mr C has provided. I note that for the time of the credit there are no adverse markings. So, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr C to the contrary, I have seen insufficient evidence to think that a more thorough affordability check would have led NewDay Ltd to think that the credit it provided Mr C was unreasonable. Further, I'm not persuaded that the way Mr C was managing his account or what NewDay Ltd could see of his management of other credit ought to have prompted it to have acted differently than it did.*

*I know that Mr C will be disappointed with my decision. But I want Mr C to know that I considered all the submissions made in this case. Having done so, 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 27 January 2023. Neither party has responded to the provisional decision. The provisional decision was sent by email to the designated contact addresses of the two parties. And at the time of writing, I have received no request for an extension to make a further submission. I consider that both parties have had time sufficient to make a further submission had they 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 (above) for not upholding Mr C'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 Mr C to accept or reject my decision before 24 February 2023.

Douglas Sayers  
**Ombudsman**