

## **The complaint**

Mr G, who complains that NewDay Ltd ("NewDay"), trading as Aquacard, irresponsibly granted him a credit card account he couldn't afford to repay.

## **What happened**

Mr G entered into an agreement with NewDay to have access to credit by way of a credit card account. The account was opened in October 2014 with a credit limit of £250. This increased to £650 in January 2015, to £1,550 in May 2015, to £2,550 in September 2015 and then £3,800 in January 2016. NewDay has agreed to uphold Mr G's complaint for the two final credit limit increases that were granted in August 2017 and February 2018, when the credit limits were increased to £5,100 and then £6,200. Mr G has already received a refund of account fees and interest.

Mr G says NewDay didn't complete adequate affordability checks when it opened his account. He says if it had, it would have seen that the agreement wasn't affordable for him as he had already been using high levels of borrowing.

NewDay said that it carried out reasonable and proportionate assessments to check Mr G's financial circumstances before granting him the card account and each of the first four credit limit increases.

Our adjudicator didn't recommend the complaint be upheld. She thought NewDay didn't act unfairly or unreasonably by approving the account.

Mr G didn't agree and so his complaint has been passed to me for 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.

Before opening the account, I've seen that NewDay obtained details about Mr G's income, his work and other information relating to his financial situation, including details about money he'd owed elsewhere. I've also seen that NewDay's credit check showed no adverse information for the previous two years, although he had before then defaulted on two accounts.

I've reviewed the information and evidence NewDay gathered at the time of the account opening. Having done so I'm satisfied that the checks that were completed on balance showed that the initial agreement was affordable to Mr G. I say this because at the time Mr G had a monthly income of around £1,600. And whilst he had a number of other credit accounts, the most recent credit checks suggested he owed only a relatively modest sum of £900 in unsecured debt. Mr G also didn't have any recent arrears or account defaults and had no County Court judgments. All of this suggests that given his financial situation at the time and the low opening credit limit of £250, and whilst it would have been proportionate to

find out more about Mr G's committed outgoings at the time, it's likely that NewDay didn't act unfairly when approving his application.

It's possible that NewDay didn't carry out adequate checks before providing Mr G with the first four credit limit increases. But I've seen that up until the fifth and sixth two increases – for which NewDay has made an offer – each of the four credit limit increases on the account were largely well managed and Mr G was not using the full credit limit available to him.

We also asked Mr G for some further details and evidence about his financial circumstances. This would have helped us to understand what, if anything, NewDay might have found out if it completed reasonable and proportionate checks. However, Mr G hasn't provided sufficient information to help us determine whether or not NewDay made a fair lending decision about each of the four increases. As I'm not able to say that NewDay acted unfairly, I don't think they need to do anything to put things right.

So, in the absence of any extra evidence from Mr G to the contrary, I haven't seen enough evidence to show that more thorough affordability checks would have led NewDay to think that the credit it provided to Mr G for the account opening and the first four credit limit increases were unreasonable.

### **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 Mr G to accept or reject my decision before 16 March 2023.

Michael Goldberg

**Ombudsman**