

The complaint

Miss M complains that NewDay Ltd trading as Fluid Credit Card irresponsibly allowed her to open a credit card account which was unaffordable.

What happened

Miss M says she opened the Fluid account in December 2021 but says the application should not have been approved. She says she was in financial difficulties with significant other debts. Miss M says the account was unaffordable and would like interest refunded as well as the balance written off.

NewDay says it carried out appropriate checks on Miss M's application. It says she declared an income of £37,300 a year and it calculated her debt at about £4,500. NewDay says there was no adverse information on Miss M's credit file, and it had been over two years since the previous account had been closed which it accepts was unaffordable.

Miss M brought her complaint to us, and our investigator didn't uphold it. The investigator thought NewDay carried out appropriate checks on the application and there was no adverse information that it ought to have considered. The investigator didn't think there any missed payments on other accounts in the year before the application.

Miss M doesn't accept that view and says her existing debts were far more than £4,500. She says there were other loans and clear evidence of missed payments on other accounts. She also says on one account she hadn't made any payments.

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 I have come to the overall view that I don't uphold this complaint.

Lenders and credit card account providers must carry out reasonable and proportionate checks on any lending or credit application. Those checks will of course vary depending on the type and amount of any lending. This was an application by Miss M for a credit facility and so I wouldn't have expected NewDay's checks to have been as detailed as for example for a mortgage application. But of course, appropriate checks must still be carried out.

I have looked carefully at Miss M's application and the checks NewDay carried out. I have also looked at how Miss M managed her account and at her credit file. I can see Miss M declared an income of over £37,000 a year and that NewDay calculated her existing debt at about £4,500. I can also see NewDay looked at Miss M's credit file and concluded that there was no adverse information on her credit file such as defaults or accounts in arrears. So, I'm satisfied that NewDay did carry out reasonable and proportionate checks on Miss M's application and was reasonably entitled to conclude the account was affordable.

I have also looked at Miss M's credit file and think her total debt at the time was recorded at

about the same amount NewDay calculated of about £4,500. I have not seen any adverse information on the credit file that I would have expected NewDay to have considered such as any defaults or patterns of missed payments. I appreciate Miss M says her debt was much higher, but I can't fairly expect NewDay to have known that as at least two credit reports do not have that information recorded. I also don't think the account that Miss M says she made no repayments on was recorded as being in arrears. So, I'm satisfied that NewDay didn't act irresponsibly by approving the account and that on the face of it the account was affordable.

I have looked at how Miss M managed her account and can see she made required payments and doesn't appear to have exceeded her credit limit. I think that provides additional evidence the account was affordable.

I appreciate Miss M says that NewDay accepts it should not have approved a previous account application and so that must apply to this account. But I'm satisfied that account was closed some time before the decision was made to open this account and that Miss M's circumstances appear to have changed.

Overall, I'm satisfied that NewDay didn't lend irresponsibly and that the account was on the face of it affordable. I appreciate Miss M says she had gambling issues, but I can't see that NewDay would have been aware of that based on the checks it carried out. It follows that I can't fairly order it to refund interest. I make clear that we would not normally order that an account balance be written off in any event, as Miss M says she would have liked.

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 Miss M to accept or reject my decision before 29 April 2023.

David Singh
Ombudsman