

The complaint

Mr M complains that NewDay Ltd trading as Marbles lent to him irresponsibly.

What happened

Mr M's complaint is about a credit card provided by NewDay. The account was opened in September 2020 with an initial credit limit of £600. The credit limit was increased to £1600 in April 2021 and to £2000 in October 2021.

Mr M complained that NewDay lent to him irresponsibly. NewDay upheld Mr M's complaint from 11 October 2021 when the credit limit was increased to £2000. It acknowledged that the credit limit increase wasn't suitable because of Mr M's financial circumstances.

NewDay refunded interest and charges of £771.16 on the account. It also upheld a similar complaint about an Aqua card and refunded interest and charges of £95.47. Because there was a balance outstanding on both accounts, the refunds were credited to the accounts to reduce the outstanding balance.

Mr M wasn't happy with the outcome. He said NewDay shouldn't have provided him with the credit card because he had a gambling addiction.

Our investigator said the offer from NewDay was fair.

Mr M didn't agree so I've been asked to make 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.

Our approach to complaints about unaffordable and irresponsible lending is set out on our website, I've had this approach in mind when considering Mr M's complaint.

NewDay needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice, this means that it should've carried out reasonable and proportionate checks to ensure that Mr M could repay the credit in a sustainable manner. There's no set list of checks that a lender has to carry out but the checks could include things like how much was being lent, the repayment amount and Mr M's income and expenditure and credit history.

Account opening

I've reviewed the available information. Based on what I've seen, I think NewDay carried out reasonable and proportionate checks before approving the credit card. It gathered information about Mr M's outgoings and reviewed his credit file. I don't think the information would've given NewDay any cause for concern or necessitated further checks.

Credit limit increases

NewDay has said that it reviewed Mr M's credit file and considered the information it already held about him before approving the credit limit increases in April 2021 and October 2021. However, NewDay accepts that, given the information it was given about Mr M's financial circumstances, the credit limit shouldn't have been increased in October 2021.

Based on what I've seen, I think NewDay has acted fairly by refunding the interest, fees and charges on the account incurred since the credit limit increase on 1 October 2021. This is in line with what this service would ask NewDay to do in circumstances where the credit limit increase was found to be unaffordable.

Mr M has said that he doesn't think that NewDay should've provided him with the credit card at all because of his gambling addiction. He says he told NewDay about his gambling addiction. I've looked into this but there's no evidence to suggest that NewDay was aware that Mr M had gambling issues at the time it approved the credit card. The system notes show that the first time Mr M made NewDay aware that he had gambling issues was in June 2021.

Taking everything into account I don't think NewDay has treated Mr M unfairly. I don't think the decision to open the credit card account was irresponsible so I won't be asking NewDay to do anything further.

Mr M has raised a further issue about a chargeback which he says was rejected by Lendable. This didn't form part of Mr M's initial complaint and hasn't been addressed in NewDay's final response. Mr M needs to raise a complaint with NewDay about this and wait for a final response before this service can look into it.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 31 May 2023.

Emma Davy
Ombudsman