

The complaint

Ms E complains that NewDay Ltd trading as Fluid lent irresponsibly when it approved her credit card application and went on to increase the credit limit.

What happened

In August 2021 Ms E applied for a Fluid credit card with NewDay. The application said Ms E was employed with an income of £25,000 and a tenant. NewDay says it carried out a credit search and didn't find any current arrears or payday loans. NewDay has confirmed it found a CCJ for £400 that was 41 months old at the point of application. NewDay says it reviewed Ms E's unsecured credit and found it was being managed with no evidence of arrears. NewDay approved Ms E's Fluid credit card application with a limit of £1,200.

In January 2022 NewDay increased the Fluid credit card limit to £2,450.

Last year, Ms E contacted NewDay to complain about that it had lent irresponsibly. NewDay issued a final response and upheld Ms E's complaint in part. NewDay didn't think it had lent irresponsibly when approving Ms E's Fluid credit card application. But NewDay agreed to refund interest and charges applied to Ms E's credit card on balances over £1,200 from January 2022 onwards (the point it increased her credit limit).

An investigator at the Financial Ombudsman Service looked into Ms E's complaint about NewDay. They didn't think NewDay had lent irresponsibly when it approved Ms E's Fluid credit card application. The investigator thought NewDay's offer to refund interest and charges following the credit limit increase was a fair way to resolve Ms E's complaint and didn't ask it to do anything else. Ms E asked to appeal, so her complaint has been passed to me to make a 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 general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website. In short, before approving an application, NewDay needed to carry out reasonable and proportionate checks so it could understand whether the borrowing was sustainable for Ms E. There's no set list of checks a lender must complete and it's up to the business to set its lending criteria. But NewDay needed to complete checks that were proportionate in respect of factors like the type of credit being applied for, the amount, the term and level of repayments and what it knew about Ms E.

In this case, Ms E provided information about her income and circumstances within the application. Ms E said she was employed with an income of £25,000. NewDay carried out a credit search and found some unsecured debt in Ms E's name. But the accounts didn't show any evidence of current or recent arrears. And whilst a CCJ was found, it was around 41

months old at the point of application. NewDay's confirmed it allows historic adverse credit of this nature when considering an application.

In addition, Ms E had held another credit card with NewDay for around 16 months when she applied for the Fluid credit card. And Ms E had built up a good payment history with NewDay which it likely also factored into its lending decision. In my view, NewDay acted reasonably by relying on the information given in Ms E's Fluid credit card application and carried out proportionate checks. As I'm satisfied the checks NewDay completed were proportionate and that it fairly applied its lending criteria, I haven't been persuaded it lent irresponsibly when it approved Ms E's Fluid credit card application.

When NewDay responded to Ms E's complaint it upheld her concerns about the affordability of the credit limit increase to £2,450 in January 2022. As NewDay has already upheld this part of Ms E's complaint, I don't need to make a finding on whether it lent irresponsibly or not.

I'm sorry to disappoint Ms E, but as I'm satisfied NewDay dealt with her complaint fairly and has already agreed a settlement that is fair and reasonable in all the circumstances, I'm not telling it to do anything else.

My final decision

My decision is that NewDay Ltd trading as Fluid has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 22 June 2023.

Marco Manente
Ombudsman