

The complaint

Mr S complains that NewDay Ltd trading as Fluid lent to him irresponsibly.

What happened

In July 2020 Mr S applied for a credit card with Fluid. Fluid approved the application and gave Mr S a credit card with an initial credit limit of £1200.

Mr S complained that Fluid lent to him irresponsibly. He said if Fluid had carried out proper checks it would have seen that he wasn't able to repay the lending.

Fluid didn't uphold the complaint. It said the account had been provided correctly.

Mr S remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that Fluid had carried out reasonable and proportionate checks and that the lending decision was fair.

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 irresponsible and unaffordable lending is set out on our website. I've had this approach in mind when considering Mr S's complaint.

Before agreeing to lend, the rules say that Fluid had to complete reasonable and proportionate checks to ensure Mr S could afford to repay the debt in a sustainable way. These affordability checks needed to be focussed on the borrowers' circumstances. The nature of what's considered reasonable and proportionate will vary but could include things like the amount of credit, the total sum repayable, the cost of credit and the consumers individual circumstances.

There's no set list of checks a lender must complete. But lenders are required to consider the factors I've mentioned above when considering what's reasonable and proportionate.

Mr S declared an annual income of £42,000 when he applied for the loan. He also declared that he had access to other household income of £944 per month. Fluid carried out a credit check and found that Mr S had unsecured debt of around £1800. The credit check showed that Mr S had three defaulted accounts, the last one occurring 53 months before the application, and three county court judgements, the last one occurring 27 months before the application. The credit check showed no recent defaults or adverse information.

Based on what I've seen, I think Fluid carried out reasonable and proportionate checks before approving the credit card. I don't think there was anything in the information gathered by Fluid which would've given it cause for concern or necessitated further checks.

I've gone on to consider whether the lending decision was fair.

I've looked at the information gathered by Fluid. Having done so and having taken into account the relatively low credit limit on the card, I'm satisfied that the checks which were completed showed that the lending was likely to be affordable for Mr S. I say this because the adverse information on Mr S's credit file was historic and the checks didn't give Fluid any reason to think that Mr S was experiencing financial difficulties or was unlikely to be able to sustainably repay the loan.

In conclusion I think the lending decision was fair. For the reasons I've given, I'm unable to uphold the complaint.

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 S to accept or reject my decision before 20 June 2023.

Emma Davy
Ombudsman