

The complaint

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

What happened

Mr S's complaint is about three Aqua accounts and a Fluid account.

The first Aqua account was opened in December 2016. NewDay gave Mr S a card with an initial credit limit of £300. Mr S never used the account. The account was closed in January 2017.

The second Aqua account was opened in May 2019. NewDay gave Mr S a card with an initial credit limit of £450. The account was closed in March 2020.

The third Aqua account was opened in December 2022. NewDay gave Mr S a card with an initial credit limit of £900.

The Fluid account was opened in February 2021, NewDay gave Mr S a card with an initial credit limit of £1200.

Mr S complains that NewDay lent to him irresponsibly.

NewDay upheld Mr S's complaint in relation to the first Aqua account. No redress was due because the account was never used so no charges or fees had been applied to the account.

NewDay also upheld Mr S's complaint in relation to the third Aqua account and said it would rework the account to remove all interest and charges.

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

Our investigator didn't uphold the complaint. He said that in relation to the second Aqua account, NewDay had carried out reasonable and proportionate checks and that the lending decision was fair. In relation to the Fluid account, the investigator said that it would've been proportionate for NewDay to verify Mr S's income and expenditure, but that there wasn't any evidence to suggest that the lending decision wasn't fair.

Mr S 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 S's complaint.

Before agreeing to lend, the rules say that NewDay had to complete reasonable and

proportionate checks to ensure Mr S could afford to repay the debt in a sustainable way. These 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 amount of repayments, 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.

First Aqua account and third Aqua account

NewDay has upheld Mr S's complaint in relation to these accounts so I won't be looking into these any further.

Second Aqua account

Mr S declared annual income of £19,000 when he applied for the card. He also declared unsecured debt of £6000. NewDay carried out a credit search. The search showed that Mr S had six active accounts. There was no adverse information on his credit file.

Based on what I've seen, I think NewDay carried out reasonable and proportionate checks before opening the account. I also think the lending decision was fair. I say this because there was nothing in the information gathered by NewDay to suggest that Mr S was in financial difficulties or that he wasn't likely to be able to sustainably repay the borrowing.

Fluid account

Mr S applied for this account in February 2021. He declared an annual income of £19,000 and unsecured debt of £1500.

NewDay carried out a credit search and based on the information gathered, gave Mr S a credit limit of £1200. This credit limit was increased to £2450 in April 2022.

Before approving the account, and before approving the credit limit increase, I think it would've been proportionate for NewDay to carry out further checks to verify Mr S's income and expenditure.

I don't know what further checks NewDay would've carried out. This service asked Mr S to provide information to show what his financial circumstances were at the relevant time, to see what NewDay would have discovered had it carried out reasonable and proportionate checks. Mr S hasn't provided enough information for me to be able to determine whether the lending decision was fair. Because of this, I'm unable to fairly say that NewDay lent to Mr S irresponsibly.

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