

## **The complaint**

Mrs F complains that NewDay Ltd lent to her irresponsibly.

## **What happened**

In July 2020 Mrs F applied for a Fluid credit card. NewDay approved the application and gave Mrs F a card with an initial credit limit of £900. The credit limit was increased to £1700 in December 2020, to £2700 in May 2021, to £4700 in September 2021, to £5600 in March 2022 and to £6100 in May 2022.

Mrs F complained that NewDay had lent to her irresponsibly.

NewDay upheld the complaint from the time of the credit limit increase in September 2021. It refunded fees and charges to Mrs F's account totalling £1828.41.

NewDay also upheld Mrs F's complaint about a Marbles credit card she'd been given in January 2022 with an initial credit limit of £900. The credit limit had been increased to £1500 in May 2022 and to £1700 in September 2022. NewDay upheld the complaint in full and refunded all interest, fees and charges to Mrs F's account totalling £300.67.

Mrs F remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said he couldn't see anything which showed that NewDay had acted irresponsibly in opening the Fluid account in July 202 or in increasing the credit limit up to September 2021.

Mrs F didn't agree. She said that at the time she applied for the Fluid card in July 202 she had unsecured debt of £21,100 and that she had made several applications for credit which should've indicated to NewDay that she wasn't coping financially.

## **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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Mrs F's complaint.

Before agreeing to lend, NewDay needed to complete reasonable and proportionate checks to ensure that Mrs F could sustainably repay what was being lent to her.

There's no set list of checks that a lender has to do. But lenders are required to have regard

to things like the amount being lent, the total amount repayable, the monthly repayment and the consumers individual circumstances when deciding what's reasonable and proportionate.

I've limited my decision to the Fluid card here, because Mrs F's complaint about the Marbles card has already been fully upheld by NewDay.

#### Account opening July 2020

When Mrs F applied for a Fluid card she declared income of £28,500. She also declared unsecured debt of £21,100.

NewDay carried out a credit search. This showed that Mrs F had no defaults, no accounts in arrears, no payday loans and no CCJ's.

Based on what I've seen, I think the checks carried out by NewDay were reasonable and proportionate. There's nothing in the information gathered from the checks which would've given NewDay cause for concern, or which meant that further checks needed to be carried out.

I've gone on to consider whether the lending decision was fair. Mrs F had quite a high level of unsecured debt. However, she was managing this well and her debt to income ratio wasn't particularly high. There's nothing in the information I've seen to indicate that Mrs F wasn't likely to be able to sustainably repay the credit. In the circumstances I think the lending decision was fair.

#### Credit limit increases December 2020 and May 2021

Before increasing the credit limit, NewDay looked at how Mrs F had been managing the account. It found no instances of late or missed payments and no instances of exceeding the credit limit. NewDay also carried out a credit search and found no information to indicate that Mrs F wasn't managing her other accounts well and found nothing to suggest that she was struggling to repay her debts or that she was overly reliant on credit.

Based on what I've seen, I think NewDay carried out reasonable and proportionate checks before increasing the credit limit in December 2020 and May 2021.

I also think the lending decisions on both occasions were fair. I say this because there was nothing in the information gathered by NewDay to suggest that Mrs F was unlikely to be able to sustainably repay the increased credit.

For the reasons I've explained, I'm unable to say that NewDay acted unfairly in opening the Fluid account or in increasing the credit limit in December 2020 and May 2021. So I won't be asking NewDay to do anything further.

#### **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 Mrs F to accept or reject my decision before 15 August 2023.

Emma Davy  
**Ombudsman**