

## **The complaint**

Mr B complains that NewDay Ltd trading as Aqua ('NewDay Ltd') irresponsibly gave him a credit card that he couldn't afford.

## **What happened**

On 9 May 2021, Mr B applied for and was given a credit card with a credit limit of £900. The credit limit was increased to £1,900 in September 2019, to £2,900 in January 2022 and to £3,900 in July 2022.

In 2023, Mr B complained to NewDay Ltd to say that the credit card shouldn't have been opened for him because it wasn't affordable and that NewDay Ltd ought to have made a better effort to understand his financial circumstances before providing him with credit. NewDay Ltd declined to uphold the complaint. And Mr B brought his complaint to this service.

Our investigator thought the complaint should not be upheld. Mr B disagreed with that. So, the complaint was passed to me to decide.

## **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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

NewDay Ltd will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr B's complaint is that NewDay Ltd made credit available that was unaffordable. NewDay Ltd has explained that it relied in part on information that Mr B provided at the time of application to assess affordability. Mr B declared an income that was not modest both in itself and in relation to the modest credit card credit limit both at application and for the credit limit increases that followed. I think that the income was sufficient to underpin the relatively modest credit card amounts for all the lending decisions in this complaint.

At the time of each lending decision, NewDay Ltd carried out a credit search in Mr B's name to assess Mr B's level of debt at that time and to understand how he had been managing that debt. With that information and using their own scoring metric, NewDay Ltd decided to agree to the credit limits detailed above. I have considered the credit check

information for each lending decision. Having done so, I have seen insufficient in them to have made NewDay Ltd think they should avoid further lending to Mr B.

I say that because the NewDay Ltd checks showed that the extent of Mr B's existing borrowing was not such that it made any further lending automatically unreasonable. And Mr B's credit file was largely clean at the time of the credit card application. When I say this, I mean that Mr B's management of his existing credit showed no recent history of CCJ's, defaults or bankruptcy.

And NewDay Ltd had experience of Mr B's management of his existing credit card account for each subsequent lending decision. Whilst I have seen some evidence of late payments on that account, not a single one of those happened before the last lending decision was made. And Mr B was not using anything close to the full amount of the credit that was available to him on his card. So, I have seen insufficient in Mr B's past use of credit from NewDay Ltd that would have led them to want to avoid providing further lending to him.

So, the credit checks that NewDay Ltd performed showed there was modest other borrowing on Mr B's credit file throughout the period of the credit limit increases. And that Mr B was managing that other credit well. And so, I don't think that the information that NewDay Ltd had at the time of the lending decisions, would have led them to feel they ought to make more searching enquiries of Mr B's expenditure. And I am also persuaded that NewDay Ltd were not put on notice of any reason not to agree the lending from that.

I cannot use hindsight in deciding complaints about unaffordable lending. I have seen no evidence that Mr B made NewDay Ltd aware of his gambling at the time the credit card was applied for or thereafter. And neither Mr B's management of his credit card nor his management of his other borrowings had been adversely affected by it in any obvious way that showed on Mr B's credit checks at the time the subsequent credit limit increases were made. So, I don't think that NewDay Ltd had any reason to make further enquiries before lending or to have avoided the credit they provided.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr B to the contrary, I have seen insufficient evidence to think that NewDay Ltd were at fault for not making more searching enquiries into Mr B's circumstances before providing Mr B with the relatively modest amounts of credit that they did. For the same reason I do not think the credit NewDay Ltd provided was unreasonable.

I have considered all the submissions made in this case, particularly those that inform the time of the lending decisions. Having done so, I have not found sufficient evidence to uphold this complaint. I have seen insufficient evidence to think that the credit NewDay Ltd are responsible for was unreasonable.

### **My final decision**

For the reasons given above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 February 2024.

Douglas Sayers  
**Ombudsman**