

The complaint

Miss G complains that NewDay Ltd (trading as Pulse) was irresponsible to approve her credit card applications.

What happened

Miss G was approved for two credit cards with Pulse as follows:

<u>Card Name</u>	<u>Date</u>	<u>Amount</u>
Argos	6 Dec 2019	£900
Pulse	14 Jan 2020	£600

Miss G says Pulse should not have given her either credit card. She says she had been out of work since 2015 and her credit file would have shown arrears and missed payments. Miss G says the card repayments were unaffordable and the situation has now worsened due to the cost of living and having three children to support. She adds that she has severe anxiety about the situation, and it is now affecting her mental health.

Pulse says Miss G's unsecured debt was a small proportion of her income at the time of both applications and there was nothing in her credit file to suggest that she was struggling financially. It says the credit limits were modest and appropriate and were not increased after the accounts were opened.

Our investigator did not recommend the complaint should be upheld. He found the checks carried out by Pulse were proportionate and that there was nothing in the available information that indicated the lending was irresponsible.

Miss G responded to say that she was never asked for bank statements which would have shown her financial situation. She says she applied for the cards as she couldn't afford to pay for food for herself and her three children. Miss G adds that she's been making regular payments to Pulse, but the balance never reduces as she is just paying off the interest and fees.

Provisional findings

I issued a provisional decision to Miss G and to Pulse on 20 November 2023.

I've summarised my findings below:

Argos Card

- I wasn't satisfied that Pulse's checks went far enough as a credit card is a long-term commitment, and it hadn't verified Miss G's income or living expenses;
- Using Miss G's bank statements, I found:
 - She had around £160 per month remaining after her regular expenditure, with which to buy food for herself and her three children;
 - Miss G regularly used short-term lenders and had taken out three such loans, totalling £270, in the week prior to the credit card application;
- So, although I accepted the card was approved with a modest credit limit, I found Miss G was already struggling financially and further lending was unsustainable for her.

Pulse Card

- Miss G applied for the Pulse card less than six weeks later and the evidence I saw showed that her circumstances hadn't changed;
- I noted she borrowed almost £700 from a short-term lender the day before this credit card application, with which to repay what appeared to be a debt recovery company.

In summary, I found Pulse was irresponsible to have approved both of Miss G's applications, although I couldn't see it acted unfairly in any other way.

Miss G responded with additional evidence about the state of her mental health at the time of the lending.

Pulse responded to say, in summary, that it believed its lending decisions were appropriate based on the information it had at the time but acknowledges that Miss G has now provided further evidence in the form of her bank statements.

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.

As neither party provided any additional information that affects the provisional decision, I see no reason to depart from it. I would remind Pulse of its obligations to make any appropriate reasonable adjustments for Miss G going forwards given what it now knows about her mental health.

My final decision

My decision is that I uphold this complaint. NewDay Ltd (trading as Pulse) should:

- Rework the accounts removing all interest and charges that have been applied;
 - If the rework results in a credit balance, this should be refunded to Miss G along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Pulse should also remove all adverse information regarding the account from Miss G's credit file;

- Or, if after the rework there is still an outstanding balance, Pulse should arrange an affordable repayment plan with Miss G for the remaining amount. Once Miss G has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires Pulse to deduct tax from any award of interest. It must give Miss G a certificate showing how much tax it's deducted if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 10 January 2024.

Amanda Williams
Ombudsman