

The complaint

Mrs F complains that NewDay Ltd trading as Marbles lent irresponsibly when it approved her credit card application and went on to increase her credit limit on various occasions.

What happened

In November 2017 Mrs F applied for a credit card with Marbles. Mrs F said she was unemployed with an income of £7,006. Mrs F also said she was a tenant but no rent figure was provided. Marbles carried out a credit search and found Mrs F owed around £5,300 in unsecured debt. Marbles also found Mrs F had two defaults totalling £3,900 that were four and a half years old at the time of application.

Marbles says it applied its lending criteria and approved a credit card with a limit of £450.

Marbles increased Mrs F's credit limit to £1,100 in April 2018, £2,300 in July 2018, £3,200 in October 2019 and £4,100 in October 2020. Over the years, Mrs F used the credit card, at times making overpayments to substantially reduce the outstanding balance. No payments have been missed and only one over limit fee of £12 was applied in February 2018. Mrs F's balance was cleared in November 2023.

In November 2023, representatives acting on Mrs F's behalf complained that Marbles lent irresponsibly when providing her credit card and increasing the limits. Marbles issued a final response on 12 January 2024 but didn't uphold Mrs F's complaint. Marbles said the relevant checks had been completed to ensure it lent responsibly.

An investigator at this service looked at Mrs F's case. They asked Marbles to supply evidence of the lending checks it had completed along with data it relied on. The investigator also asked Mrs F's representatives to obtain copies of her bank statements from different businesses so they could get an accurate picture of her circumstances. But Mrs F's representatives responded to say she could only provide one set of bank statements.

The investigator thought Marbles should've carried out better checks before approving Mrs F's credit card application and increasing the credit limit. But they weren't persuaded there was sufficient evidence on file to show what Marbles would've found if it had carried out more comprehensive checks before deciding to proceed. As a result, the investigator didn't uphold Mrs F's complaint.

Mrs F's representatives asked to appeal and said Marbles had continued to increase the credit limit despite only making minimum payments with the balance being at the credit limit throughout. Mrs F also said her husband had passed away which had left a lot of debt and led to a remortgage to refinance it. As Mrs F asked to appeal, her complaint has been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Marbles had to complete reasonable and proportionate checks to ensure Mrs F could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

In this case, I agree with the investigator that Marbles hasn't provided evidence to show it completed proportionate checks. I say this because whilst I can see Marbles asked Mrs F for information in the application form, the details provided were limited. No rent figure was recorded, Mrs F said she was unemployed but had an income of £7,006 and there was no attempt to get an understanding of the source of her income. In addition, I've not seen any evidence to show how Marbles assessed Mrs F's income and outgoings beyond the details found on her credit file. I also note Mrs F owed around £5,300 in other unsecured debt and had two defaults on her credit file at the point of application. Given Mrs F's declared income was only £7,006 I'd have expected Marbles to take steps to ensure her repayments were affordable and sustainable. The evidence on file doesn't support that proportionate checks were completed.

With that said, when we reach the conclusion that proportionate checks weren't completed we try to look at what a lender would've found if it had gone further before approving the application. That's why we ask consumers to provide a copy of their credit file and bank statements for the months before each lending decision. Where a consumer operates more than one account or we feel the information included in the statements provided fails to provide a clear picture of their circumstances, we'll ask for more information. Which is what has happened here.

Mrs F has confirmed she's provided the available current account statements and is unable to supply further statements for the other banks she holds accounts with. I'm satisfied Mrs F and her representatives have been given a reasonable amount of time to comply with the requests for further statements and asked the investigator to proceed without them.

I've looked at Mrs F's bank statements as provided. The statements cover the period before the original application was approved and the credit limit increases. Mrs F's statements show she was in receipt of benefits during the period of borrowing with Marbles. But Mrs F's statements show she was also transferring funds into it from other accounts regularly. At times, the transfers were substantial. We don't know what the source of those additional payments was because statements from those accounts haven't been provided.

Looking at Mrs F's statements, there's evidence of payments she was making to her creditors along with some utilities. But I wasn't able to identify regular payments for items like rent or council tax from Mrs F's statements. What I could see was that Mrs F's bank account

appeared to be well run with no evidence of financial hardship. Mrs F's account was generally in credit and her commitments were being met. Based on the limited information I have, I'm satisfied the decision to approve Mrs F's application in November 2017 and the subsequent credit limit increases appeared affordable.

I would add that in Mrs F's complaint submissions it was said that she only ever made the minimum payment and that her outstanding balance was generally at the credit limit. But that's not reflected in the account data provided by Marbles. Payments considerably in excess of the minimum have been regularly made. And Mrs F made repayments to either substantially reduce the outstanding balance or repay it in full at various points during the lending relationship with Marbles. I'm satisfied that Mrs F's good account history and standing with Marbles was also something it could reasonably have taken into account when deciding whether to lend.

I'm sorry to disappoint Mrs F but the evidence I've seen doesn't support the claim that Marbles lent irresponsibly when it approved her credit card application and later increased the credit limit. As a result, I'm unable to uphold Mrs F's complaint.

My final decision

My decision is that I don't uphold Mrs F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 21 August 2024.

Marco Manente
Ombudsman