

## **The complaint**

Mr M complains that NewDay Ltd refused his request to increase his credit limit and hasn't given him a reason why.

## **What happened**

Mr M has explained that he had a credit card and the provider changed financial partner and he was invited to apply for a new card with NewDay. This was issued in September 2022 with a credit limit of £10,000. Mr M says this was lower than the credit limit he previously had but as he didn't need that much credit, he didn't challenge this. In January 2024, Mr M contacted NewDay through its app to request a limit increase to £12,000. This was refused and some possible reasons were given. As the reasons weren't relevant to Mr M, he contacted NewDay and a complaint was raised.

NewDay issued a final response letter dated 7 February 2024. It said that Mr M's credit limit was based on a number of factors including the financial climate, internal risk policy and information from the credit reference agencies. It said that its lending policy meant it couldn't lend beyond a particular amount for an account and that as Mr M's account had reached its limit cap it couldn't increase this. It said that feedback had been provided to the business about the information provided in the app regarding reasons for a declined limit increase.

NewDay said that it regularly reviewed accounts and so it might consider an increase at its next review and that if it did so it would contact Mr M about this.

Mr M wasn't satisfied with NewDay's response and referred his complaint to his service. He said he still hasn't been told why his limit request was declined.

Our investigator asked NewDay to provide its policies about the lending cap so he could review these to ensure Mr M had been treated fairly. As these hadn't been provided, he said he couldn't say if Mr M had been treated fairly and so he upheld this complaint and recommended that NewDay pay Mr M £100 compensation.

Mr M said he respected NewDay's right to decline his limit increase but that it had an obligation to explain why this had happened considering his personal circumstances. He didn't accept that this would be divulging commercially sensitive information and said there was no reason that he was aware of as to why his request had been refused. He felt that without this information it couldn't be identified if he had been discriminated against or treated unfairly.

Mr M said he was never told that his credit card had a lending limit of £10,000 and he wouldn't have agreed to the card had he known this. Mr M thought our investigator's view didn't provide confidence that NewDay would learn anything from this process or act differently going forward.

## ***My provisional conclusions***

I issued a provisional decision on this complaint the content of which is set out below.

*I can understand why Mr M is upset that his request for a credit limit increase was declined and I appreciate that he feels he hasn't been given a clear reason for this. But having considered the information provided through this case, I do not find that I can uphold this complaint for the reasons I have set out below.*

*It is NewDay's decision who it lends to and how much, but it is expected to treat customers fairly in its lending decisions. In this case Mr M was set an initial credit limit of £10,000 when the credit card was provided in September 2022. NewDay has explained that this limit was set based on various internal, and external factors. I note Mr M's comment that while this was lower than the limit he had on his previous card he didn't challenge this. Therefore, I find that Mr M accepted the credit limit provided at that time.*

*Mr M wished to increase his credit limit to £12,000. I have looked through Mr M's account statements and I can see that he was using the credit card within its terms and regularly clearing the outstanding balance. So, I can understand why Mr M would expect his limit increase request to be accepted. However, when a request for additional lending is made, NewDay is required to ensure that this is correctly assessed in line with its policies.*

*NewDay has explained that it sets limit caps on accounts and that it is unable to increase a limit beyond the cap. It has provided information from its internal systems that part of its company policy is that it doesn't allow lending beyond a certain level. NewDay told Mr M in its final response letter that he had reached the limit cap for his account and that this was the reason why his request was declined. So, I find that he was given the reason for the decline.*

*NewDay has explained that the limit cap is specific to an account. I understand that Mr M wants further details to understand why his limit has been set at the level it has but I accept that the internal models used by NewDay to set its limits are commercially sensitive and I wouldn't expect it to provide further details. As NewDay has explained that a cap is set based on its internal policies and that this cap is £10,000 for Mr M, I do not find I can say it did anything wrong or treated Mr M unfairly by not allowing a limit increase beyond this amount.*

*I acknowledge that Mr M won't be happy with this decision, and I can understand why he wants a more detailed explanation for the decline, but in this case, I do not require NewDay to provide anything further.*

*I note the comment Mr M made about the initial reasons given for a limit increase being declined in the app and I agree these weren't relevant in this case. NewDay has explained these are only examples but that it has provided feedback on this. Going forward, NewDay has explained that accounts are regularly reviewed and that it will contact Mr M if a limit increase is available to him. I find this a reasonable response.*

No new information was provided in response to my provisional 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.

As no new information was provided in response to my provisional decision, my conclusion hasn't changed. As I previously set out, I can understand why Mr M was upset that his request for his credit limit to be increased was declined. But I do not find I can say in this case that NewDay did anything wrong.

NewDay has explained that it sets limit caps on accounts and has provided information from its internal systems in support of this. It has explained that the limit cap is specific to an account and while I understand that Mr M wants further details in regard to this, I accept that the internal models used by NewDay to set its limits are commercially sensitive. As NewDay has explained that a cap is set based on its internal policies and that this cap is £10,000 for Mr M, I do not find I can say it did anything wrong or treated Mr M unfairly by not allowing a limit increase beyond this amount.

NewDay told Mr M that he had reached the limit cap for his account and that this was the reason why his request was declined. So, I find that he was given the reason for the decline.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 August 2024.

Jane Archer  
**Ombudsman**