

The complaint

Ms M has complained that NewDay Ltd acted irresponsibly when it gave her three credit card accounts.

Ms M is represented in the complaint but for simplicity I will refer to Ms M throughout as if all submissions have been made by her.

What happened

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Ms M being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

Ms M had three credit card accounts taken out with NewDay, as follows:

Pulse account	Event	Amount
4 September 2012	Account opening	£400
30 April 2015	1 st increase	£550
30 December 2016	2 nd increase	£750

Debenhams account	Event	Amount
1 October 2015	Account opening	£1,750
23 December 2016	1 st increase	£2,450
21 April 2017	2 nd increase	£3,200
24 August 2017	3 rd increase	£4,500
24 January 2018	4 th increase	£6,300
22 June 2018	5 th increase	£6,950
23 September 2022	6 th increase	£7,700
26 January 2023	7 th increase	£9,000

Aqua account	Event	Amount
25 May 2023	Account opening	£1,200

In 2023 a complaint was made to NewDay that the lending had been irresponsible. NewDay didn't uphold the complaint and so Ms M referred it to our service. An Investigator looked at what had happened but didn't think the complaint should be upheld.

Ms M asked for an Ombudsman to review the complaint. She said that at the time she'd applied for the cards, she'd been suffering from mental illness. The Investigator noted this, but said that NewDay had not been made aware of Ms M's circumstances until after the lending decisions had been made.

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.

First, I note that NewDay has consented to us looking at all the accounts Ms M has complained about. Secondly, as stated above, in his very detailed letter dated 19 December 2024 the Investigator set out the full history of the matter, including details of all the information provided by Ms M and considered by NewDay when making the lending decisions on all three cards. Because all parties have had a copy of that letter, I do not need to set out all the details here.

Before entering into a credit agreement NewDay needed to check that Ms M could afford to repay the credit out of her usual means, within a reasonable period of time, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks needed to be proportionate to the nature of the credit, for example the amount offered, and to Ms M's particular circumstances. In addition NewDay needed to have proper regard to the outcome of its risk assessment in relation to affordability. The overarching requirement was that NewDay needed to pay due regard to Ms M's interests and treat her fairly.

With all this in mind, I have to consider whether NewDay carried out reasonable and proportionate checks when it opened the account for Ms M to satisfy itself that she would be able to repay the credit offered within a reasonable period of time. If it didn't do this, what would reasonable and proportionate checks have shown? Was there anything of concern in the checks NewDay carried out, and did it make fair lending decisions? Did NewDay treat Ms M unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A Consumer Credit Act 1974 (s.140A CCA)?

It seems to me that NewDay carried out proportionate checks when it opened the accounts. It considered what Ms M said on her application forms and checked her credit file. I've reviewed the information NewDay gathered and I haven't seen anything which suggests that Ms M would have any difficulty meeting her repayments for the level of credit offered out of her stated income. I also don't think there was anything in the information NewDay had gathered about Ms M's circumstances that should have led it automatically to decline her application, or prompted it to complete further checks before entering into the agreements.

Bearing in mind there wasn't anything in the information provided by Ms M that was inconsistent or difficult to explain, I don't think that it was unreasonable for NewDay to rely on what Ms M provided about her income and expenditure during her applications. In the circumstances, the information obtained suggested that Ms M could repay the balances within a reasonable period of time. The checks NewDay carried out were reasonable and proportionate.

Ms M used the Pulse account responsibly, staying within its limits, and so by the time the Debenhams account was opened Ms M had a good repayment history with NewDay. There was therefore nothing to suggest to NewDay that Ms M wasn't able to manage her finances.

Ms M's disposable income was sufficient to sustain repayments on the Debenhams card, and I'm not persuaded there were any "red flags" that should have alerted NewDay to any financial difficulties. Ms M's current account use showed she was able to save, and didn't go into overdraft. The statements don't show any issues that ought to have caused NewDay any concern.

In relation to the Aqua card, Ms M never used this. So there was no balance outstanding nor any fees or charges. As there was no spending on the card, I am satisfied that NewDay's decision to offer this card was not unfair or unreasonable, as it has resulted in no financial or other loss to Ms M.

I've noted what Ms M has said about her mental health, details of which I will not go into to preserve Ms M's privacy. However, NewDay wasn't made aware of this at the time of the applications or throughout the account histories. In the circumstances, because NewDay didn't know about Ms M's health issues, it couldn't have taken them into account when considering whether or not to offer Ms M the accounts or to increase the limits.

Altogether, considering the information about Ms M's income from the application forms, what NewDay saw on Ms M's credit file, and the amount of credit it was offering, I can't say that NewDay made irresponsible or unfair lending decisions when it opened the accounts for Ms M.

In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Ms M might have been unfair to Ms M under s.140A CCA. However, for the reasons I've explained, I've not been persuaded that NewDay lent irresponsibly to Ms M, or otherwise treated her unfairly. Given this, I'm not persuaded that s.140A CCA would, given the facts of this complaint, lead to a different outcome.

My final decision

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 14 April 2025.

Jan O'Leary
Ombudsman