

## **The complaint**

Mr T has complained that NewDay Ltd acted irresponsibly when it provided him with two credit cards in 2020 and 2022.

## **Background**

Mr T applied for a 'Marbles' credit card with NewDay in August 2020. His application was approved, and he was provided with a card with a £600 limit. In February 2022 Mr T applied for a second 'Fluid' credit card and that application was also approved with an opening limit of £600. Mr T has explained that at the time he applied for both cards he was gambling in an excessive and harmful way. He believes that NewDay acted irresponsibly when it approved the cards and that it should have realised they weren't affordable for him. He has asked for all interest and charges associated with both cards to be refunded to him and any adverse information linked to the cards be removed from his credit file.

NewDay has said that at the time Mr T applied for the credit cards it ran all the necessary checks to ensure they would be affordable for him. Having done so it was satisfied that it didn't make any error in opening the accounts for him. It did uphold Mr T's complaint in part as it accepted a credit limit increase on the Fluid card in 2023 was inappropriate but didn't think it was wrong to provide the cards with the lower opening limits. So, it didn't uphold that part of Mr T's complaint and only refunded the interest associated with the higher credit limit on the Fluid account.

Mr T didn't accept NewDay's response and brought his complaint to our service. One of our investigators looked into it already, he found that at the time Mr T applied for both credit cards there was nothing to indicate they wouldn't be affordable for him. So, he didn't uphold the complaint.

NewDay accepted the investigator's findings, but Mr T didn't. He repeated that at the time he applied he was gambling in a harmful way and was becoming reliant on credit. As he didn't agree with the investigator, he asked for an ombudsman to review the complaint again and so it's been passed to me for consideration.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I agree with the findings of our investigator and for much the same reasons so I'm not upholding Mr T's complaint. I know this will come as a disappointment, so I've set out my reasons below.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to

carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, the total cost of the credit and what it knew about the consumer at the time of application.

Mr T has said that at time he applied for the credit cards with NewDay he was gambling in an excessive way and was reliant on high-cost loans as well as multiple credit cards with other providers. He believes that if NewDay had reviewed his bank statements it would have realised how he was spending his funds and that access to more credit would have caused him harm. He has provided copies of his bank statements to demonstrate what was happening.

I'd like to thank Mr T for providing this information and assure him I've seen it and understand that he was gambling in a compulsive and harmful way. However, for me to be able to uphold his complaint on this basis I would need to be able to establish that NewDay should have reviewed his bank statements to realise what was going on.

As I've explained above there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so NewDay didn't make an error when it didn't automatically ask to see Mr T's statements before approving the applications.

NewDay has explained that when Mr T applied for both credit cards it asked him to complete an income and expenditure form and reviewed his credit file. Having done so it was satisfied that he had sufficient disposable income to meet the monthly repayments on both cards. It also notes that for both applications there was no evidence of Mr T struggling to maintain his existing forms of credit and his credit file showed no missed payments, arrears or defaults. So, it didn't ask for any additional information before approving his applications as there was nothing in the initial checks it completed to indicate that was necessary.

I have to agree with the business on this point. In order for me to say it should have done more checks than it did there would need to be something in the initial checks to indicate that was necessary. And looking at the information NewDay gathered in both 2020 for the Marbles card and in 2022 for the Fluid card, I can't say that was the case. And while I understand that Mr T was spending in a harmful way, this wasn't evident yet on his credit file as he was still maintaining his accounts well at that time. So, there was nothing to suggest the cards wouldn't be affordable for him or that they may become unsustainable.

Therefore, I can't say NewDay was wrong to provide the cards to Mr T because at the time he applied for them they appeared to be affordable for him. And the checks NewDay completed were proportionate for the type of credit he was applying for, and I don't think it needed to ask for more information, such as his bank statements. Which means I don't think NewDay made an error when it approved the application and so I can't uphold his complaint on that basis.

I've also considered whether NewDay acted unfairly or unreasonably in some other way, including whether its relationship with Mr T might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

### **My final decision**

For the reasons set out above I don't uphold Mr T's complaint against NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 10 March 2025.

Karen Hanlon  
**Ombudsman**