

The complaint

Miss W complains that NewDay Ltd trading as Fluid Mastercard irresponsibly lent to her.

What happened

Miss W was approved for a Fluid credit card in June 2022 with a credit limit of £2,000. The credit limit was increased to £2,700 in October 2022. Miss W says that Fluid irresponsibly lent to her. Miss W made a complaint to Fluid.

Fluid did not uphold Miss W's complaint. They said that their checks were proportionate and that they made fair lending decisions. Miss W brought her complaint to our service.

Our investigator did not uphold Miss W's complaint. She said that Fluid made fair lending decisions and she noted that Fluid's checks showed a significant increase to Miss W's income from when the account was first approved to when they made their lending checks to increase the credit limit to £2,700. Miss W asked for an ombudsman to review her complaint and she forwarded us her bank statements as she said that she didn't agree how her income was calculated by Fluid.

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 approve or increase the credit available to Miss W, Fluid needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Fluid have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Fluid card - initial credit limit (£1,500)

I've looked at what checks Fluid said they did when initially approving Miss W's application. I'll address the credit limit increase later on. Fluid said they looked at information provided by Credit Reference Agencies (CRA's) and information that Miss W had provided them before approving her application.

The information shows that Miss W had declared a gross annual income of £29,000. The data from a CRA showed Miss W was not currently in arrears on any accounts, and she hadn't been in the previous six months. Her debt to annual income ratio was showing as 74.91%, which would have meant she had unsecured debt of around £21,724.

While the debt to income ratio was relatively high, Fluid used a mixture of information from the CRA and modelling to estimate Miss W's outgoings, and they calculated that Miss W had approximately £367 a month disposable income. So it appeared that Miss W would be able

to sustainably afford repayments for a £2,000 credit limit. The CRA did not report any defaults on Miss W's credit file, and there were no County Court Judgements (CCJ's) showing either.

So I'm satisfied that the checks Fluid carried out here, prior to approving the initial £2,000 credit limit were proportionate and Fluid made a fair lending decision to approve Miss W's application for the Fluid account.

October 2022 credit limit increase - £2,000 to £2,700

I've looked at the information available to Fluid when they increased Miss W's credit limit as part of this lending decision. They had used Current Account Turnover (CATO) data to assess Miss W's income, and this was showing as being £15,928 a month. Again, they used a mixture of modelling and information from the CRA's to estimate Miss W's outgoings.

But as Miss W had declared a £29,000 gross annual income only four months earlier when she applied for the Fluid account, it would be very unlikely (albeit not impossible), that her gross annual income had risen by over seven times in such a short pace of time.

Fluid would also be able to see how Miss W managed her account prior to the credit limit increase. Miss W incurred one late fee prior to this credit limit increase. And while this may have been an oversight, it could have been a sign of financial difficulty.

The checks also showed that Miss W's unsecured debt had increased to £29,557. This was a lot higher than the opening checks showed her unsecured debt was for. So based on the anomaly with the assessed income, the late payment, and the increase to Miss W's unsecured debt, I'm persuaded that this should have prompted Fluid to make further checks.

There's no set way of how Fluid should have made further proportionate checks. One of the things they could have done was to contact Miss W to get an understanding of why her unsecured debt had increased since the account had been opened. They could have also seen if Miss W's gross annual income was genuinely as high as they believed it to be. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

Miss W has provided her bank statements leading up to this lending decision. I do note that Miss W's name is not displayed on the bank statements, but I have no reason to believe these aren't her legitimate bank statements.

The statements do not show any lending from a recognised lender during the three month period starting 4 July 2022. Miss W's bank statements show a credit balance throughout the three month period, often in four figures. She is not overdrawn at any point during the three month period and she has no returned direct debits during this timeframe.

Miss W's net monthly income from what appears to be her employer is a little over £1,900 each month and there are occasional benefit payments into the account. So Fluid would have realised if they made further checks that the information they received from the CRA regarding the CATO was not reflective of Miss W's actual circumstances.

But if Fluid would have requested Miss W's bank statements as part of a proportionate check, it would appear that she had enough disposable income to meet the repayments of the increase to her credit limit based on how she managed her account. So I'm persuaded that Fluid made a fair lending decision to increase Miss W's credit limit by an extra £700 to £2,700 as this would appear to be affordable and sustainable for her.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Fluid lent irresponsibly to Miss W or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require Fluid to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 2 May 2025.

Gregory Sloanes
Ombudsman