

The complaint

Mrs P complains that NewDay Ltd trading as Marbles lent irresponsibly when it approved her credit card application and later increased the credit limit.

What happened

Mrs P applied for a Marbles credit card with NewDay in March 2017. In her application, Mrs P gave an annual income of £23,500 that Marbles calculated left her with £1,491 a month after deductions. NewDay applied estimates for Mrs P's regular outgoings of £429 a month. A credit search found Mrs P had two County Court Judgements (CCJs), the newest of which was 32 months old. Defaults, the newest of where were 14 months old, were also noted. Mrs P had existing debts totalling around £550 and was making monthly repayments of £63. Marbles applied its lending criteria and says Mrs P had an estimated disposable income of around £999 a month after meeting her existing commitments. Marbles approved the application and issued a credit card with a limit of £600.

Marbles increased the credit limit to £1,000 in September 2017, £1,600 in May 2018, £2,350 in August 2018 and £3,350 in July 2019. In January 2020 the credit limit was reduced to £750. Marbles went on to increase the credit limit to £1,750 in December 2021. The balance was repaid in December 2023.

Last year, representatives acting on Mrs P's behalf complained that Marbles lent irresponsibly and it issued a final response. Marbles said it had carried out the relevant lending checks before approving Mrs P's application and increasing the credit limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Mrs P's complaint. They thought Marbles had completed reasonable and proportionate lending checks before approving the borrowing for Mrs P and weren't persuaded it lent irresponsibly. Mrs P's representatives asked to appeal and pointed out that her unsecured debt levels had increased substantially by the third credit limit increase and that she had missed payments on her credit file. As Mrs P's representatives 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 P 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.

I've set out the information Marbles used when considering Mrs P's application in March 2017 above. I can see that Mrs P gave details about her income and costs for her regular outgoings were applied to the application. In addition, the credit search found Mrs P had some reasonably historic adverse credit and defaults recorded. But I'm satisfied they fell within Marbles' lending criteria and it was aware of them. In addition, I can see Marbles took Mrs P's unsecured debts, which were reasonably low at around £550, into account. I also think it's fair to note the initial credit limit of £600 was reasonably low and Marbles calculated an estimated disposable income of around £999 a month which would've meant Mrs P would've been able to repay the balance in full without undue strain.

Overall, I'm satisfied the level and nature of the checks completed by Marbles were reasonable and proportionate to the amount and type of credit it went on to approve. And I'm satisfied the decision to approve Mrs P's application was reasonable based on the information Marbles obtained. I haven't been persuaded that Marbles lent irresponsibly when it approved Mrs P's application with a credit limit of £600.

I've considered the first and second credit limit increases together as they were for reasonably low amounts. I note Mrs P's account was up to date. Mrs P's other unsecured debts had increased to around £2,400 in September 2017 and £3,255 in May 2018. No new adverse information, defaults or recent missed payments were recorded on Mrs P's credit file. I haven't seen anything in the information provided that would've indicated to Marbles that Mrs P was overcommitted or struggling financially before each credit limit increase. Overall, I'm satisfied the level of checks were proportionate and the decisions to approve the credit limit increases were reasonable based on the information Marbles obtained. I'm sorry to disappoint Mrs P but I haven't been persuaded Marbles lent irresponsibly.

In my view, the information on Mrs P's credit file shows her circumstances may've changed by August 2018 when the credit limit was increased to £2,350. Mrs P's unsecured debts had increased from around £3,255 in May 2018 to £10,998 in August 2018. In addition, it had only been three months since the previous credit limit increase that Mr P went on to use almost in full. In my view, the information available ought to have caused Marbles to consider a more detailed set of lending checks before approving the credit limit increase to £2,350 in August 2018. I recently asked our investigator to request some bank statements from Mrs P's representatives so I could get a clearer picture of her circumstances.

The investigator's request confirmed that if Mrs P's representatives needed more time to obtain the bank statements they should let us know by 29 May 2025 and that, if no contact was made, I would proceed with my decision based on the information we already hold on file. As Mrs P's bank statements weren't provided by 29 May 2025 and no request was made for additional time, I've reviewed the remaining credit limit increases using the available information.

The available information shows Mrs P hadn't incurred any overlimit or late fees on her Marbles account since November 2017. Whilst Mrs P's other unsecured debts had increased, there were no payday loans active at the time. The credit file data shows it was 29 months since Mrs P had missed a payment or defaulted an account. I can also see that

Marbles' found that whilst Mrs P's debts had increased by August 2018 and took the monthly costs into account. Marbles applied its affordability criteria and gave Mrs P's credit limit increase a score that indicated it was affordable. In the absence of further evidence, I'm satisfied the decision to increase Mrs P's credit limit to £2,350 in August 2018 was reasonable and haven't been persuaded Marbles lent irresponsibly.

The final credit limit increase occurred in July 2019 when it was set at £3,350. Mrs P's unsecured debts had increased to around £17,000 in June 2019 but there were no new missed payments, defaults, payday loans or CCJs recorded on her credit file. The cost of servicing Mrs P's existing debts was taken into account by Marbles when completing its affordability assessment. There were no overlimit or late fees applied to Mrs P's Marbles account in the preceding six months. Again, Marbles applied its affordability criteria and gave Mrs P's credit limit increase a score that indicated it was affordable. In the absence of further information, I'm satisfied the decision to increase Mrs P's credit limit to £3,350 in July 2019 was reasonable and haven't been persuaded Marbles lent irresponsibly.

As I haven't been persuaded that Marbles lent irresponsibly to Mrs P I'm unable to uphold her complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Marbles lent irresponsibly to Mrs P or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 2 July 2025.

Marco Manente
Ombudsman