

## The complaint

With the help of a professional representative (PR) Mr D complains that NewDay Ltd trading as Aqua lent to him irresponsibly. For ease, I'll refer to the PR's actions as being those of Mr D.

## What happened

In November 2021, Mr D applied for – and was given - a credit card with Aqua. His credit limit was set as follows:

Date	Event	New limit
13 November 2021	Account opening	£1,200
10 February 2022	Credi Limit increase 1 (CLI1)	£2,450
11 July 2022	CLI2	£3,000
3 April 2023	CLI3	£4,000
12 February 2024	CLI4	£5,500
15 July 2024	CLI5	£6,500

On 13 November 2024, Mr D complained to Aqua saying he felt it had failed to undertake a reasonable assessment of his creditworthiness prior to lending to him and increasing his limit. To resolve his complaint, Mr D asked Aqua to refund the charges and interest he'd paid along with 8% simple interest, and to remove any adverse information it had recorded on his credit file.

Aqua looked into Mr D's complaint and was satisfied it had lent fairly to Mr D. It outlined the checks it had carried out on his application and prior to each increase, and explained it specialises in providing credit to borrowers with impaired credit ratings. It said it had written to Mr D to offer the increases and gave him the opportunity to reject it. Mr D didn't opt out of increases generally or reject any of the credit limit increases he was offered. Aqua didn't uphold his complaint.

Mr D didn't accept Aqua's response, so he referred his complaint to our service. One of our investigators looked into it. He felt the checks carried out by Aqua had been reasonable and proportionate, and its' lending decisions were reasonable. He didn't uphold the complaint.

Mr D didn't accept our investigator's view of the complaint, so, as there was no agreement it has been passed to me for 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.

We've set out our approach to complaints about unaffordable and irresponsible lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Aqua needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr D irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Aqua carry out reasonable and proportionate checks to satisfy itself that Mr D was in a position to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Aqua make a fair lending decision?
- Did Aqua act unfairly or unreasonably towards Mr D in some other way?

Aqua had to carry out reasonable and proportionate checks to satisfy itself that Mr D would be able to repay the credit sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the agreement, the amount of the monthly repayments and the overall circumstances of the borrower.

Aqua has provided information given to it by Mr D when he applied for the account, and the results of the checks it carried out to approve it and to increase his limit.

#### *Account opening*

When he applied, Mr D told Aqua he earned £38,000 a year - £2,573 per month – and provided details of his essential expenditure. Aqua used his credit report to establish the cost of his existing credit commitments. Having done so, Aqua calculated he had a disposable income of £1,500 or so each month. Aqua noted that Mr D had a couple of defaults on his credit file, but the newest was from over three years before this application, so it viewed them as historic.

Based on what Mr D had told it and it had found itself, Aqua was happy to provide an initial limit of £1,200. I think the checks Aqua carried out were reasonable and proportionate to the amount of credit it was providing and that it reached a fair decision to lend.

#### *Credit limit increases*

Mr D's financial circumstances appeared reasonably steady over the next couple of years judging by his credit file. Our investigator has provided a lot of detail about what Aqua found for each credit limit increase. I note Mr D hasn't contradicted anything our investigator said or provided any further evidence suggesting what he said may have been incorrect. So I won't go into such detail here because it's well known to both sides. But I have considered each increase on its own merits.

Aqua has provided a snapshot of what it saw each month for Mr D, and his account with it was generally well run. There was one occasion – after CL3 – Mr D exceeded his credit limit by £42, but he brought the account back into line by the next month.

Throughout the life of the account, he routinely made payments in excess of the minimum and cleared the balance in full on occasion. Mr D's credit file showed he had kept on top of his existing external credit and had no more defaulted accounts by the time Aqua agreed CL15.

I think the checks carried out by Aqua were reasonable and proportionate for the credit limit increases and, having considered all the evidence provided, I think Aqua made fair decisions to offer him subsequent credit limit increases.

Did Aqua act unfairly or unreasonably towards Mr D in some other way?

I've carefully read and considered all the evidence provided by each party to the complaint. I've seen nothing which indicates Mr D contacted Aqua for help with his account or that he was struggling with repayments until he raised his complaint. As Mr D has suggested he is unable to afford the card, Aqua has closed the account for future spending to prevent worsening any financial difficulties he may be facing. I don't think that is unreasonable in the circumstances.

For the reasons I've already given, I don't think Aqua lent irresponsibly to Mr D or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

**My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 September 2025.

Richard Hale  
**Ombudsman**