

## **The complaint**

Mr W complains that NewDay Ltd trading as Fluid lent irresponsibly when it approved his credit card application.

## **What happened**

Mr W applied for a Fluid credit card in July 2023. In his application, Mr W said he was employed with an annual income of £32,500 that Fluid calculated left him with £2,243 a month after deductions. Fluid applied monthly outgoings estimates of £460 for Mr W's regular living expenses and £558 for his housing costs to the application. A credit search found no evidence of adverse credit, defaults or recent missed payments on Mr W's credit file. The credit search showed Mr W had existing unsecured debts totalling around £15,000 and that he was making monthly repayments of £554. Fluid applied its lending criteria and says Mr W had an estimated disposable income of £634 after covering his existing outgoings. Fluid approved Mr W's application and issued a credit card with a £1,200 limit.

Last year, Mr W complained that Fluid lent irresponsibly and it issued a final response. Fluid said it had carried out the relevant lending checks before approving Mr W's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr W's complaint. They thought Fluid completed reasonable and proportionate checks before approving Mr W's application and weren't persuaded it lent irresponsibly. Mr W asked to appeal, so his 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, the rules say Fluid had to complete reasonable and proportionate checks to ensure Mr W 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 Fluid obtained and used when considering Mr W's application above. I think it's reasonable to note Mr W's credit search showed no adverse credit, defaults or recent missed payments. Whilst I can see Mr W owed around £15,000 at the point of application, the credit file results didn't indicate he was suffering with financial difficulties or was struggling with repayments. Mr W's existing debts were all up to date and well maintained.

Fluid also used estimates for Mr W's outgoings for his housing cost and general living expenses – an approach it's allowed to take under the relevant lending rules. I haven't seen anything in the information Fluid obtained that ought to have caused it to take a more detailed approach to Mr W's application or that the estimates it used weren't reasonable.

Ultimately, Fluid reached the conclusion Mr W had an estimated disposable income of £634 a month after meeting his regular outgoings and living expenses. In my view, that was a reasonable figure for Fluid to reach based on the information it obtained. And I'm satisfied that a disposable income of £634 was sufficient to sustainably afford repayments to a new credit card with a £1,200 limit.

In my view, the level and nature of checks completed by Fluid were reasonable and proportionate to the amount and type of credit it went on to approve. And I'm satisfied the decision to approve Mr W's application and issue a credit card with a limit of £1,200 was reasonable based on the information Fluid obtained. I'm very sorry to disappoint Mr W but I haven't been persuaded that Fluid lent irresponsibly. As a result, I'm unable to uphold Mr W's 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 Fluid lent irresponsibly to Mr W or otherwise treated him 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 Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 July 2025.

Marco Manente  
**Ombudsman**