

The complaint

Mr W complains that NewDay Ltd (“NewDay”) lent to him irresponsibly when it provided him with a credit card account and subsequent credit limit increases.

For ease of reference, I will refer to Mr W when referring to both him and his representative.

What happened

Mr W applied for a credit card with NewDay in October 2022. NewDay approved an Aqua Mastercard with a credit limit of £1,200. Mr W’s credit limit was increased twice, first to £2,050 in February 2023 and then lastly to £3,050 in July 2023 where it remained.

In July 2024 Mr W complained to NewDay that it had lent to him irresponsibly.

On 5 August 2024 NewDay issued Mr W with a final response letter (“FRL”). Within the FRL, NewDay explained how it had assessed the affordability of the original credit card limit and subsequent increases and to say that it didn’t consider it had lent irresponsibly.

Unhappy with the FRL from NewDay, Mr W brought his complaint to us.

Mr W’s complaint was considered by one of our investigators who didn’t uphold it.

Mr W didn’t accept the investigator’s view, so his complaint has been passed to me for review and 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.

Having done so I’ve reached the same conclusion as that of our investigator and for broadly the same reasons.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr W's complaint.

Having carefully thought about everything I've been provided with, I'm not upholding Mr W's complaint. I'd like to explain why in a little more detail.

NewDay's decision to grant Mr W an account in May 2022

NewDay was required to lend responsibly. It needed to conduct checks to make sure that the credit it offered to Mr W was affordable and sustainable. Such checks need to be proportionate to things like the credit limit offered to Mr W and how much he had to repay each month.

This means to reach my decision I need to consider if NewDay carried out proportionate checks at the time of Mr W's application and each limit increase; if so, did it make fair lending decisions based on the results of its checks; and if not, what better checks would most likely have shown. I also need to think about, bearing in mind the circumstances at the time of each additional advance in credit, whether there was a point at which NewDay ought reasonably to have realised it was increasing Mr W's indebtedness in a way that was unsustainable or otherwise harmful and so shouldn't have provided further credit.

We asked Mr W for a copy of his credit file. This was to understand what NewDay would have likely seen about Mr W's finances at the time of the application and each subsequent credit limit increase. However, Mr W hasn't responded to this request. And so my decision is based on the evidence we've been provided with.

Mr W applied for a credit card through NewDay and was approved a credit card with a £1,200 credit limit. As part of Mr W's application, he declared that he was retired and receiving a gross annual income of £16,396.

NewDay says it used the information Mr W provided and conducted a credit check to determine whether to lend to Mr W. NewDay, from the credit checks it conducted and the information Mr W provided, assessed Mr W's disposable income to be in the region of £558 a month. NewDay said there wasn't any adverse information on Mr W's credit file and this limit appeared affordable for him.

On the other hand Mr W has said it wasn't affordable for him. Ultimately, NewDay had to be satisfied, from the recent information it saw and was provided with, that Mr W could afford the credit it offered and that he could do so going forward. And on balance, from the evidence I've seen, I'm satisfied he could. Mr W had a sufficient disposable income each month in which to pay for the initial credit limit and there was no apparent adverse information on his credit file that would suggest any financial difficulty. Although Mr W did have another credit card account there was no adverse information to indicate he wasn't managing this well.

I accept that Mr W appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information NewDay obtained.

But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the disposable income that appeared to be left each month and the lack of other obvious indicators of an inability to make the monthly repayments in the information NewDay did obtain, I don't think that reasonable and

proportionate checks would have extended into requesting information such as bank statements.

So on balance, I'm satisfied that NewDay's checks were proportionate and that it made a fair lending decision initially.

NewDay's decision to increase Mr W's credit limit

In February 2023, the credit limit was increased to £2,050. And in July 2023 it was increased to £3,050 where it remained.

NewDay told us that for each credit increase, it considered how Mr W had managed his account so far together with the credit checks it conducted. NewDay said that there was no evidence that would have indicated financial difficulty such as overlimit or late payment fees, no significant or frequent cash withdrawals and no active pay day loans. NewDay assessed Mr W to have a sufficient disposable income each month to be able to afford each increase. And on balance, I agree.

I've considered how Mr W had been managing his credit prior to the increases. He had no late fees, no missed repayments or over the limit fees applied and appeared to be managing the account well. I've not seen any evidence that Mr W was using his credit card to make cash withdrawals and NewDay told us there was no adverse information on his credit file prior to each increase in credit limit.

My final decision is I don't uphold Mr W's complaint. I appreciate that Mr W will be disappointed with this. But having considered everything that both parties have said and submitted, I'm simply not persuaded, in the particular circumstances of this case, that NewDay made an unfair lending decision when approving Mr W's credit card as well as when increasing his credit limit.

Although I'm not upholding this complaint, I'd like to remind NewDay of its responsibility to treat Mr W with forbearance and due consideration going forward.

Did NewDay act unfairly in any other way

I've also considered whether NewDay acted unfairly or unreasonably in any other way, including whether the relationship between Mr W and NewDay 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 NewDay lent irresponsibly to Mr W or otherwise treated him 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.

My final decision

For the reasons given above, I don't uphold this complaint against NewDay Ltd.

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

Paul Hamber
Ombudsman