

The complaint

Mrs K complains that NewDay Ltd trading as Aqua was irresponsible to open a credit account for her and to later increase the credit limit on several occasions.

Mrs K has brought her complaint via a representative but I will refer to her throughout for simplicity.

What happened

NewDay opened a credit account for Mrs K in April 2013 with a credit limit of £500. It went on to increase Mrs K's credit limit on three occasions, as shown in the table below.

Limit increase	Date	Credit limit
Opening	03/04/2013	£500
1	21/01/2014	£1,200
2	20/06/2014	£2,000
3	22/05/2015	£3,000

Mrs K complained to NewDay in May 2024 that it didn't carry out sufficient checks before offering her credit, and said she couldn't repay the amount offered as she was on a low salary. Mrs K also said that she found the card inconvenient to use, and couldn't rely on it.

NewDay said in response that it carried out an assessment before it opened the account and before each subsequent credit increase to check that the credit would be affordable for Mrs K. It said it was confident that the credit had been provided responsibly and didn't uphold her complaint. NewDay closed the account on receipt of Mrs K's complaint.

Mrs K referred her complaint to us. Our investigator found that NewDay wasn't irresponsible to have opened the account or to have increased the credit limit over the years. They didn't recommend that her complaint be upheld.

Mrs K didn't agree with this recommendation and asked for the complaint to come to an ombudsman to decide, and it's been passed to me.

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.

I've also had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as NewDay, need to abide by. NewDay will be aware of these, and our approach to this type of lending is set out on our website.

My main considerations are did NewDay complete reasonable and proportionate checks when assessing Mrs K's application and before each credit limit increase to satisfy itself that

she would be able to repay the credit within a reasonable period of time and without experiencing adverse consequences? If not, what would reasonable and proportionate checks have shown? Was there anything of concern in the checks NewDay did carry out and did it make fair lending decisions? Did NewDay treat Mrs K unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974?

In this case, both NewDay and Mrs K have very limited information about what happened. This isn't surprising, given how long ago the account was opened and the credit limit increases applied. I've had to make my decision on the balance of probabilities, in other words based on what I think most likely happened. I've concluded that NewDay didn't get something wrong which caused a loss to Mrs K and so I am not upholding her complaint. I appreciate that will be a disappointing outcome for her and I hope the following clearly explains my decision.

NewDay holds no information about its affordability assessment at the time of the account opening, given how long ago this happened. It holds limited information about its assessments at the time of the credit limit increases, but it recorded information about how the account was managed throughout.

NewDay recorded the account balance each month which, it seems, never exceeded £250 throughout the agreement. The information also shows that there were periods where the monthly balance was zero or the account wasn't being used. The account balance around the time of each upgrade was as follows:

Date	New limit	Balance
21/01/2014	£1,200	£173.34
20/06/2014	£2,000	£54.18
22/05/2015	£3,000	£6.30

In order to uphold Mrs K's complaint I'd need to find that NewDay got something wrong which caused her to lose out. Given Mrs K didn't use the credit offered beyond the initial limit, I can't say that her complaint about the subsequent limit increases would succeed, even if we had more information about what happened at these times. So I am not upholding Mrs K's complaint about the credit limit increases.

We asked Mrs K for information about her finances around the time of the account opening. Mrs K provided a copy of her credit file dated December 2024, but this information only covered the previous six years. Mrs K was unable to provide us with bank statements, nor has she told us any details about her circumstances in 2013 apart from saying she was on a low income.

NewDay said that Mrs K never missed a payment and was never charged missed payment or overlimit fees, and the account information confirms this. Altogether, I think it's most likely that everything happened as it should have when the account was opened, and NewDay didn't make an irresponsible or unfair lending decision when it entered into the agreement. So I am not upholding Mrs K's complaint about the account opening.

I have thought about whether NewDay treated Mrs K unfairly in any other way. As I've explained, I don't think NewDay lent irresponsibly to Mrs K 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.

My final decision

For the reasons given above, I am not upholding Mrs K's complaint about NewDay Ltd trading as Aqua and it doesn't need to take any action in this matter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 23 May 2025.

Michelle Boundy
Ombudsman