

The complaint

Mrs M complains that NewDay Ltd, trading as Amazon Credit Card, made an irresponsible lending decision when they issued her with a credit card. Mrs M is represented in this complaint, but I'll refer to her as it's her complaint.

What happened

In March 2020, Mrs M applied for a credit card with NewDay, and they opened an account giving her a £500 credit limit.

In October 2024, Mrs M complained to NewDay as she considered the credit card to be unaffordable. She believed that they had failed to conduct proportionate checks and hadn't considered factors such as late creditor payments, cash advances, a high-cost loan, overall contractual debt, revolving credit and credit utilisation.

Mrs M requested that NewDay repay her the interest that she had paid alongside 8% interest.

NewDay disagreed and didn't uphold Mrs M's complaint, so she escalated it to our service.

Although our investigator considered NewDay should've done more checks, his view was that Mrs M had sufficient disposable income and NewDay's lending decision was fair and reasonable.

As Mrs M remains dissatisfied her complaint has been referred to me to look at.

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, whilst I'm sorry to hear that Mrs M has financial difficulties, my decision is to not uphold this complaint. And I'll explain why.

I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points both parties have made, even though I don't specifically address them all.

The general approach to complaints about unaffordable and irresponsible lending including the key relevant rules, guidance and good industry practice is set out on this service's website.

NewDay needed to take reasonable steps to ensure it didn't lend irresponsibly. Rather than approach Mrs M's credit card application from the perspective of the likelihood of getting its money back, they had a responsibility to ensure that the repayments wouldn't cause her undue difficulty or significant adverse consequences.

That meant Mrs M should've been able to meet repayments out of her normal income without having to borrow to meet the repayments, without failing to make any other

payments she had a contractual or statutory obligation to make and without the repayments having an adverse impact on her financial situation.

NewDay's checks also had to be "proportionate" to the specific circumstances of the credit application. In general, what constitutes a proportionate check will depend upon a number of things including – but not limited to – the particular circumstances of the consumer (e.g. financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- The lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income)
- The higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income)
- The longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).

With all the above in mind, I looked closely at everything NewDay considered when they issued Mrs M with a credit card with a £500 limit, to see if their checks were proportionate and, if they were, whether they made a fair lending decision.

From reviewing the file, and looking at NewDay's data entry spreadsheet, I'm satisfied that NewDay obtained a credit report and undertook some analysis. Although there isn't a copy of the credit report and I couldn't see all the information mentioned by Mrs M (detailed in the above what happened section) NewDay recorded relevant information and I couldn't see any obvious red flags such as defaults, County Court Judgments, bankruptcy or repayment arrangements.

However, I also think that it would've been proportionate for NewDay to have made further enquiries before they approved Mrs M's credit card limit. I recognise that the credit limit is a modest amount and Mrs M didn't have any accommodation costs which would ordinarily be a high monthly expenditure commitment. But NewDay could see Mrs M had a low income figure, a number of creditors and, although I can't see that the cash advance figure was as high as twelve, Mrs M did withdraw cash on some of her credit facilities.

So, I think proportionate checks should've included further analysis of Mrs M's expenditure, which could include probing and requesting payslips and bank statements to ensure sufficient disposable income and affordability.

Although I think NewDay should've requested more information, it doesn't necessarily mean that I consider NewDay's lending was unreasonable. To see if the credit card was affordable I looked closely at:

- The application and credit file information NewDay considered.
- The bank statements provided by Mrs M that NewDay would've seen if they had made such a request
- The analysis of the bank statements completed by our investigator and Mrs M

I recognise that it can be difficult to interpret bank statements especially where some months include larger payments to creditors. But having looked closely at Mrs M's statements, I found that:

- Excluding any benefits, Mrs M's average monthly income was £1,056.
- Without food and petrol costs Mrs M's expenditure was approximately 47% of her income.

- The remaining 53% (approximately £558) was available for essential monthly food and petrol expenses. Also, payments to creditors for more than the minimum payments.

I appreciate that Mrs M considers her food and petrol expenditure were much higher than the analysis completed by our investigator and meant she was left with little disposable income and reliant on credit cards. But from my analysis of the bank statements provided, this isn't evidenced. Also, I looked at the expenditure analysis for a loan Mrs M took out with another lender later in 2020.

So, based on my analysis, had NewDay obtained this additional expenditure information to support their review of Mrs M's credit card application, I think it would've:

- Verified the information they already had from the credit reference agency on Mrs M's creditors
- Validated that the credit limit Mrs M had applied for was affordable

So, having considered the above and all the information on file, I'm in agreement with our investigator that NewDay should've done more when approving the credit card but their lending decision was fair and reasonable. Therefore my decision is not to uphold this complaint against NewDay Ltd, trading as Amazon Credit Card.

My final decision

My final decision is that I'm not upholding this complaint against NewDay Ltd trading as Amazon Credit Card.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 31 July 2025.

Paul Douglas
Ombudsman