

## **The complaint**

Mr H complains that NewDay Ltd trading as Newpay lent to him irresponsibly.

## **What happened**

In December 2019 Mr H applied for a credit card with NewDay. NewDay approved the application and gave Mr H a card with a credit limit of £1500.

Mr H complained that NewDay had lent to him irresponsibly. He said they failed to carry out proportionate checks and that he shouldn't have been given the card because it wasn't affordable for him.

NewDay didn't uphold the complaint. It said it had carried out a comprehensive affordability assessment before offering the credit facility and that it was satisfied that the credit was affordable for Mr H.

Mr H didn't agree and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said he thought NewDay had carried out proportionate checks and that it hadn't acted unfairly when it approved the application.

Mr H didn't agree so I've been asked to review the complaint.

## **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.

Our approach to complaints about unaffordable and irresponsible lending including the relevant rules, guidance and good industry practice are set out on our website. I've used this approach to help determine Mr H's complaint.

Having carefully considered everything I've decided not to uphold Mr H's complaint. I'll explain why.

Did NewDay carry out reasonable and proportionate checks to make sure that Mr H could repay the loan in a sustainable way?

NewDay needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should've carried out proportionate checks to make sure Mr H could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount and the customers income and expenditure.

Our website sets out what we typically think about when deciding whether a lenders checks were proportionate. Generally, we think it's reasonable for a lenders checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think a lender needed to more if, for example, a borrower's income was low, or the amount lent was high. And the longer a lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a borrower irresponsibly.

NewDay says it agreed to Mr H's application after he provided details of his monthly income of £1936.70 and some information on his expenditure. It says it carried out a credit check which showed that Mr H had no recent adverse information. There was nothing in the credit check which suggested that Mr H was experiencing financial difficulties or that he had a reliance on credit. The most recent default was 61 months prior to the application so I think it's fair to say that the default was historical and not reflective of Mr H's circumstances at the time he applied for the card.

NewDay said that based on these checks it took the view that the information showed that Mr H could afford to repay the credit.

I've considered all of this. I've also taken into account that the overall value of the credit was low compared to Mr H's income. Having done so, I think the checks carried out by NewDay were proportionate and that it had obtained enough information to make a responsible decision on whether to lend to Mr H.

Just because I think that NewDay carried out proportionate checks doesn't automatically mean that the lending decision was fair. So, I've reviewed the evidence to decide whether NewDay made a fair lending decision.

If the checks were reasonable and proportionate, was the lending decision fair?

I've thought about whether NewDay made a fair lending decision based on the information it had gathered and what it knew about Mr H's circumstances.

I can see that Mr H had some other credit commitments at the time. However, the income and expenditure assessment showed that Mr H would be left with sufficient disposable income to afford the credit. There was no evidence to suggest that Mr H was experiencing financial difficulties or that he would be required to pay a disproportionate amount of his income towards servicing credit.

So I think the credit was affordable for Mr H and that he was likely to be able to sustainably afford the repayments.

Taking into account the information obtained from Mr H and from the credit check and based on the calculation of Mr H's disposable income at the time, I haven't seen anything to suggest that the lending was irresponsible.

I've considered whether NewDay acted unfairly or unreasonably in any other way, including whether its relationship with Mr H might have been unfair under section 140 of the Consumer Credit Act 1974.

However, for the reasons I've set out above, I haven't seen anything to suggest that this was the case.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 16 July 2025.

Emma Davy  
**Ombudsman**