

## **The complaint**

Mr S complains NewDay Ltd trading as Marbles (NewDay) failed to carry out sufficient financial checks before it approved a credit card account for him.

## **What happened**

Mr S says he was approved for a credit card account in December 2020 with a credit limit of £600. Mr S says at the time he applied, he had a history of making minimum monthly revolving credit payments and on occasions was late making payments for some of his financial commitments. Mr S says NewDay failed to carry out proportionate checks before it approved the new credit card and as a result it should refund all interest and charges along with 8% simple interest. Mr S says NewDay should also remove any adverse entries from his credit file relating to this account.

NewDay says it is a responsible lender and offers credit to those with perhaps a less than perfect credit record. NewDay says it offers small initial limits with the intention to increase these over time, subject to good account management, to assist customers in building their credit standing.

NewDay says it carried out a detailed assessment using information contained within Mr S's application, information from credit reference agencies (CRA's) and its own affordability assessment. Based on this data and the fact there were no defaults, CCJ's or active payday loans, NewDay were satisfied the new credit card borrowing of £600 was affordable.

Mr S wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there were no set list of checks lenders like NewDay are required to carry out, but they should be borrower focused. The investigator says Mr S declared an annual income of £19,000 in his application and NewDay using various outside sources and its own modelling, calculated he had approximately £400 of net disposable income.

The investigator says he could see NewDay carried out various other checks using CRA's which identified one late mortgage payment in the prior six months, so he felt further checks were appropriate here. The investigator then checked Mr S's full credit report and after doing so, he says there were no missed mortgage payments only a missed credit card payment six months earlier. With that in mind he felt Mr S would be able to afford the new credit card based on this information, and didn't feel scrutiny of Mr S's bank statements were required given the amount being lent here.

Mr S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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 won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear Mr S is experiencing financial issues and that must be a source of worry to him.

When looking at this complaint I will consider if NewDay acted irresponsibly when it approved a credit card account with a credit limit of £600 in December 2020.

Mr S's complaint centres around the fact he feels NewDay should have carried out a more detailed financial check before it approved his credit card limit. In particular NewDay should have looked at his bank statements, and reviewed his full credit report, as it would have shown he'd missed other credit commitment payments and only made minimum payments on some of his revolving credit facilities.

While I understand the points Mr S makes here, although I won't be commenting on every point he has made as I don't feel it's necessary in order to come to a full and impartial decision, I'm not persuaded by his argument and I will explain why.

The first thing to say here is NewDay are what is known as a low and grow lender and provide credit to consumers with perhaps a less than perfect credit score. This means NewDay provide an initial modest credit facility and look to increase the facility over time, having seen the account managed within the terms of the agreement and therefore helps consumers like Mr S to build their credit standing over time.

As the investigator has pointed out there are no set rules of what checks lenders like NewDay must undertake when looking to provide credit to its customers, other than these are borrower focused, proportionate and take into account the sustainability and affordability of such a commitment.

From the information I have seen, NewDay carried out various financial checks including data from CRA's and its own internal affordability modelling, based on the information it had available including the declared income from Mr S's application. While it had evidenced some missed/late payments, there were no defaults, CCJ's or payday loans to suggest any obvious financial difficulties. As I have already mentioned NewDay are a low and grow, second chance lender offering borrowers with a less than perfect credit record the chance to build their credit rating with a modest line of initial credit – from what I can see that is what it did here.

It's important to say that NewDay offered Mr S, with a reasonable credit history, a modest credit limit of £600. I wouldn't expect in those circumstances for it to undertake the same level of intensive due diligence one might expect to see for say a larger committed long term loan. So, I'm satisfied from the affordability modelling NewDay carried out, based on internal and external data sources, that was sufficient for it to conclude the new lending was affordable.

So, like the investigator I don't feel sight of Mr S's bank statements should have been a prerequisite before it offered the modest limit it did, based on the information it had gathered. So, on balance I am satisfied the affordability checks NewDay undertook were both reasonable and proportionate.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with him might

have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr S will be disappointed with my decision, I won't be asking anymore of NewDay.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 August 2025.

Barry White  
**Ombudsman**