

The complaint

Mrs M complains that NewDay Ltd trading as Pulse irresponsibly lent to her.

Mrs M is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mrs M herself.

What happened

Mrs M was approved for a Pulse credit card in February 2022 with a £700 credit limit. I have detailed the credit limit increases below:

August 2022	£700 to £1,700
January 2023	£1,700 to £2,950
June 2023	£2,950 to £4,000

Mrs M says that Pulse lent irresponsibly to her. Mrs M made a complaint to Pulse, who said that the affordability assessments were appropriate and proportionate. Mrs M brought her complaint to our service.

Our investigator did not uphold Mrs M's complaint. He said Pulse's checks were proportionate, and they made fair lending decisions. Mrs M asked for an ombudsman to review her complaint.

Mrs M made a number of points. In summary, Mrs M said that while the initial lending decision and the first credit limit increase may have passed a lenient interpretation of proportionate checks from Pulse, the last two credit limit increases were made despite mounting evidence of financial instability from her. She said these were not supported by meaningful affordability checks, therefore these lending decisions were irresponsible.

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.

Before agreeing to approve or increase the credit available to Mrs M, Pulse needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Pulse have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Pulse credit card

I've looked at what checks Pulse said they did when initially approving Mrs M's application

for the credit card. I'll address the further lending decisions later on. Pulse said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mrs M had provided before approving her application. The information showed that Mrs M had declared a gross annual income of £20,000.

The information showed that Mrs M had previously defaulted on at least one credit agreement, with the last default being 55 months prior to the checks. The CRA also reported that Mrs M had a public record showing on her credit file, for example a County Court Judgement, with the last public record being registered 55 months prior to the checks.

It may help to explain here that, while information like a default or a public record on someone's credit file may often mean they're not granted further credit – it doesn't automatically mean that a lender won't offer borrowing. So I've looked at what else Pulse's information showed them, to see if they made a fair lending decision to accept Mrs M's application.

None of Mrs M's accounts were in arrears at the time of the application checks, and they hadn't been in arrears for the six months prior to the checks. Pulse received information from the CRA as to how much Mrs M was paying a month towards her monthly credit commitments.

Pulse completed an affordability assessment which included Mrs M's net monthly income, information from the CRA about her monthly credit commitments, and modelling to estimate her other outgoings, which is an industry standard way of estimating outgoings. The affordability assessment showed that Mrs M should have enough disposable income to sustain affordable repayments for a £700 credit limit. So I'm persuaded that Pulse's checks were proportionate here, and they made a fair lending decision.

August 2022 credit limit increase - £700 to £1,700

I've looked at what checks Pulse said they did when increasing the credit limit on her account. The data from a CRA shows that Mrs M had unsecured borrowings of £4,781 at the time of the checks, which would have equated to around 23.9% of her originally declared gross annual income. The CRA reported Mrs M had no accounts in arrears since the opening account checks.

Pulse would have also been able to see how Mrs M managed her account since it had been opened. Mrs M made repayments which were typically higher than the required minimum repayment. So this could suggest that Mrs M had the affordability to be able to make sustainable repayments for a higher credit limit. Mrs M incurred no late or overlimit fees on the account since it had been opened prior to the credit limit increase. At the time of the checks, Mrs M was utilising around 55% of her available credit.

So I'm persuaded that the checks which Pulse carried out prior to the credit limit increase were proportionate, and that Pulse made a fair lending decision to approve the credit limit to £1,700.

January 2023 credit limit increase - £1,700 to £2,950

The data from a CRA shows that Mrs M had unsecured debt of £10,229 at the time of these lending checks. This was a lot higher than at the last lending decision checks, and a CRA had reported that Mrs M had been in arrears on an account since the last lending decision checks. She also incurred a late fee on her Pulse account. So because of these factors, I'm persuaded that Pulse should have completed further checks to ensure the lending was affordable and sustainable for Mrs M.

There's no set way of how Pulse should have made further proportionate checks. One of the things they could have done was to contact Mrs M to find out why her debt had increased so much in a short period of time, and why she had recently been in arrears on an account. Or they could've asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

So I asked Mrs M if she could provide her bank statements leading up to this lending decision. But Mrs M didn't respond to my requests by the deadline set, even though I extended the deadline for her.

So on the face of it, it does look like Pulse should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Pulse should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mrs M hasn't provided me with the information I asked her for, that means that it wouldn't be fair for me to say that Pulse shouldn't have lent here, because I don't know what further checks would reveal.

June 2023 credit limit increase - £2,950 to £4,000

I've looked at what checks Pulse said they did when increasing the credit limit on Mrs M's account. The data from a CRA shows that Mrs M had unsecured borrowings of £12,111 at the time of the checks, which was not substantially higher than at the last lending decision. The CRA reported Mrs M had no accounts in arrears since the last lending decision.

Pulse would have also been able to see how Mrs M managed her account since the last lending decision. Mrs M made repayments which were typically higher than the required minimum repayment. So this could suggest that Mrs M had the affordability to be able to make sustainable repayments for a higher credit limit. Mrs M incurred no late or overlimit fees on the account since the last lending decision. At the time of the checks, Mrs M was utilising around 58% of her available credit, so she wasn't close to exceeding her overall credit limits.

So I'm persuaded that the checks which Pulse carried out prior to the credit limit increase were proportionate, and that Pulse made a fair lending decision to approve the credit limit to £4,000.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Pulse lent irresponsibly to Mrs M 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

I do not uphold this complaint.

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

Gregory Sloanes
Ombudsman