

## **The complaint**

Miss J complains that NewDay Ltd trading as AO Finance irresponsibly lent to her.

Miss J 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 Miss J herself.

## **What happened**

Miss J was approved for an AO Finance credit card in July 2022 with a £900 credit limit. Miss J says this was irresponsibly lent to her. Miss J made a complaint to AO Finance, who did not uphold her complaint. They said the account was provided responsibly. Miss J brought her complaint to our service.

Our investigator did not uphold Miss J's complaint. He said AO Finance made proportionate lending checks, and they made a fair lending decision. Miss J asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she had £30,000 worth of debt at the time of the AO Finance credit card being approved, she took out two loans in the six months prior to the AO Finance card being approved, and more credit cards. She said she was utilising the majority of credit on her credit cards.

## **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.

Firstly, I'm aware that I've only summarised Miss J's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve or increase the credit available to Miss J, AO Finance 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 AO Finance have done and whether I'm persuaded these checks were proportionate.

I've considered what Miss J has said about the recent credit agreements that she had opened. And the credit she utilised on the accounts. But this isn't something which AO Finance request from the CRA's as part of their account opening checks, so they wouldn't be aware of any recent debt Miss J took on. It is not a mandatory requirement for them to do so, therefore I can't say that AO Finance should have requested this information from a CRA.

The checks don't show the total amount of unsecured debt Miss J had at the account

opening stage. But AO Finance received information from a CRA that Miss J was paying £1,040 a month towards her credit commitments.

AO Finance completed an affordability assessment which included how much Miss J's credit commitments were for and modelling, which is an industry standard way of estimating outgoings. The result of the affordability assessment showed that Miss J should be comfortably able to sustainably afford repayments for a £900 credit limit.

The CRA reported that Miss J had no arrears on any accounts in the six months prior to the checks. She had no defaulted accounts or any County Court Judgements (CCJ's). Miss J was showing as having no payday loans or any accounts in an arrangement to pay. Miss J told AO Finance that her gross annual income was £43,000. The £900 credit limit would have equated to around 2.1% of her declared gross annual income.

So although Miss J was paying around a third of her net income a month on debt repayments, I'm not persuaded that further checks would have been proportionate here based on her credit file showing no adverse payment history, and the £900 being about 2.1% of her declared annual gross income. So I'm persuaded that AO Finance's checks were proportionate, and they made a fair lending decision here.

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 AO Finance lent irresponsibly to Miss J 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 Miss J to accept or reject my decision before 5 September 2025.

Gregory Sloanes  
**Ombudsman**