

## The complaint

Miss G complains that NewDay Ltd trading as Marbles (“NewDay”) lent her a credit card irresponsibly, and raised the credit limit when she could only afford minimum payments.

Miss G is represented by a professional third party, but for ease of reference I’ll refer to Miss G throughout.

## What happened

In January 2020 Miss G applied for a credit card with NewDay. The application was accepted and she was given a card with an initial limit of £450.

The credit limit was increased a further three times – first, in June 2020 to £600. The second increase was a year later, in June 2021 to £1,600 and the final increase took place in February 2022 and went to £2,000.

In December 2024, Miss G complained to NewDay. She said NewDay failed to undertake a reasonable assessment about whether the credit card and subsequent increases were affordable for her. NewDay responded in the same month.

They said at the time of application, Miss G told them she was earning around £17,000 per year, her external credit was being well managed and there were no payday loans or repayment arrangements. They also said they carried out the same checks when increasing the limit, and for each they deemed the credit being provided to be affordable for Miss G.

Miss G didn’t agree with the response, so the complaint was referred to our service. An Investigator here looked into things.

They said, having looked at everything, Miss G would’ve been left with between £55 and £137 per month disposable income – which wasn’t enough, and therefore NewDay shouldn’t ever have lent to Miss G. They said because they didn’t believe the account should’ve been opened, it follows that the increases were irresponsible too.

NewDay didn’t agree with the view. They felt they’d applied shock buffers when estimating Miss G’s monthly outgoings, and didn’t feel the Investigator was clear on what was a suitable estimated disposable income would’ve been.

I previously issued a provisional decision that said the following:

*“The rules and regulations in place at the time NewDay provided Miss G with the credit card and subsequent increases required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.*

*The checks had to be ‘borrower’ focused. This means NewDay had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss G. In other words, it wasn’t enough for NewDay to consider the likelihood of them getting the*

*funds back or whether Miss G's circumstances met their lending criteria – they had to consider if Miss G could sustainably repay the lending being provided to her.*

*Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether NewDay did what was needed before lending to Miss G.*

*Having done so, I'm currently minded to reach a different outcome to that of the Investigator. I appreciate this will likely be disappointing for Miss G, but I'd like to explain my reasoning in more detail below.*

#### *Account opening*

*At the point of application, NewDay gathered information using both what was declared by Miss G and information from the Credit Reference Agencies (CRAs). They found that at the time, Miss G was earning around £17,000 per year, had around an 8% debt-to-income ratio and had one default recorded 13 months prior to application. They estimated Miss G would be paying approximately £200 to existing credit commitments, around £520 in housing costs and around £420 in general living costs. All of this information gathered combined suggested Miss G would've had around £55 in disposable income remaining each month.*

*I agree with the Investigator that this is a low amount to have available. I also appreciate NewDay's comments regarding applying buffers, inflating Miss G's spend, but given how little she could potentially be left with, I don't think NewDay's checks were proportionate. But just because I don't think the checks carried out were proportionate, doesn't automatically mean NewDay made an unfair decision to lend.*

*When considering lending complaints, there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. Considering Miss G's circumstances at the time of application, I think NewDay should've done more to paint a fuller picture of Miss G's income and expenditure.*

*The easiest way for me to do this now, given the passage of time, is to review Miss G's current account statements from the time of lending. This doesn't mean I would've expected NewDay to review the statements – but it's the most reliable way of working out what Miss G would likely have had available each month.*

*Miss G has provided her statements from the time. Having reviewed these, it appears she's earning slightly more than estimated – closer to £1,500 per month. There are very few committed expenses coming out of this account, and there are transfers to and from another account. However, even without the statements for the second account, based on how this account was managed, I'm satisfied that Miss G would be able to sustainably repay the credit NewDay was providing her with.*

*So while I don't think NewDay's checks were proportionate, considering the amount being provided to Miss G, and the information they did gather in the checks, as well as what I've seen from Miss G's current account statements, I don't think they acted unfairly when providing her with the credit card. I say this because it was for a modest amount of £450, and although there were some signs of financial difficulty in the past, everything in recent*

*months had been much improved. It wouldn't be a significant cost for Miss G to repay this credit in a reasonable period of time based on her salary and existing credit commitments.*

#### *Credit limit increase one*

*I've considered the same factors above when thinking about the credit limit increases, whether the checks were proportionate and whether a fair decision to lend was made. In the months prior to the increase in June, Miss G paid 1051% of the minimum repayments that were due. This alone demonstrated to NewDay that she'd be able to easily afford and sustainably repay the increase to £600.*

*However, NewDay did also carry out checks. These checks showed her debt had decreased slightly in recent months and there were no new defaults and no adverse information being recorded. So overall, Miss G's financial situation appeared to be positive.*

*Therefore, I'm minded to say the checks here were proportionate, and a fair decision to lend was made.*

#### *Credit limit increase two*

*In the three months prior to the second credit limit increase, Miss G had paid around 335% of the expected minimum repayment to NewDay, again demonstrating that the new credit limit was affordable, and she would be able to afford a higher limit.*

*Having looked at the credit check completed at the time, Miss G's debt had continued to decrease. There were no new defaults and no evidence of any payday lending. Miss G had one missed/late payment that was external, but overall her financial picture appeared to be improving and I currently believe that the checks here were proportionate and a fair decision to lend was made.*

#### *Final limit increase*

*Prior to the final limit increase Miss G's external debt had decreased significantly. There were no recent missed or late payments, no new defaults and no payday lending. She was still paying significantly over the minimum repayment amount and there was nothing to indicate she was struggling financially.*

*So with this in mind, I also think NewDay carried out proportionate checks, and a fair lending decision was made.*

*In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Miss G might have been unfair to Miss G under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that NewDay did not lend irresponsibly when providing Miss G with the credit card, or by increasing her credit limit on three occasions. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.*

*I appreciate this is likely to come as a disappointment to Miss G, but I hope she'll understand my reasoning for this outcome."*

*Neither Miss G or NewDay responded to my provisional decision, so I'll now issue my 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.

Because neither Miss G or NewDay responded to my provisional decision with further evidence or comments, there's no reason to deviate from my previous decision. And so it follows that what I said previously remains the same, and I don't think NewDay lent unfairly to Miss G.

### **My final decision**

It's my final decision that NewDay Ltd trading as Marbles didn't make a fair decision to lend to Miss G either at account opening or the subsequent limit increases.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 July 2025.

Meg Raymond  
**Ombudsman**