

The complaint

Mrs H complains that NewDay Ltd, trading as Aqua, lent to her irresponsibly in relation to a credit card account.

In bringing her complaint, Mrs H is supported by a representative. For ease, though, I'll only refer to Mrs H throughout.

What happened

In March 2021, Mrs H was provided a credit card by NewDay with a limit of £250; the credit limit was never increased. Several years after opening the credit card, in January 2025, Mrs H complained to NewDay. In summary, she said it had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

NewDay didn't uphold the complaint. It said, in summary, that it had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis the credit card had been provided.

Mrs H disagreed, she still thought NewDay had acted irresponsibly in providing her the credit. So, she referred her complaint to this Service for independent review. An Investigator here considered what had happened; having done so, they didn't think NewDay had done something wrong. In short, the Investigator said:

- The checks carried out by NewDay were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given NewDay any cause for concern. Instead, there was nothing to show that Mrs H was struggling financially and/or wouldn't be able to afford the repayments of this credit card.
- Any financial struggles, which did materialise for Mrs H later, wouldn't have been apparent to NewDay at the time it provided her the credit card.
- Overall, with that in mind, NewDay hadn't acted unfairly or unreasonably in giving Mrs H this credit card.

Mrs H disagreed; she maintained that she'd been irresponsibly lent to by NewDay, and that her credit file demonstrated the true extent of her overall financial position. As no agreement has been reached, Mrs H's complaint has now been passed to me to decide.

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, while this will no doubt disappoint Mrs H, I agree with the findings of our Investigator for largely the same reasons. I'll explain why.

The rules and regulations in place at the time Mrs H was provided with the credit required NewDay to carry out a reasonable and proportionate assessment. That's to determine whether she could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mrs H. So, NewDay had to think about whether repaying the credit sustainably would cause difficulties, or other adverse consequences. In other words, NewDay had to consider the impact of any repayments on Mrs H.

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 it needed to before agreeing to lend to Mrs H.

Here, before agreeing to lend, NewDay checked data recorded with Credit Reference Agencies ("CRAs"); it relied upon information provided by Mrs H in her application, and it carried out an affordability assessment. I've been provided the results of NewDay's checks and, in my view, the data it gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgements ("CCJs"); nor was Mrs H subject to an Individual Voluntary Arrangement ("IVA"). Mrs H had declared an annual income of around £22,500 – something NewDay was entitled to rely upon in the circumstances – and while she did have some other credit commitments, little in the data NewDay gathered from CRAs suggested particular cause for concern at the time. Finally, NewDay's affordability assessment didn't present any indication that Mrs H wouldn't be able to sustainably repay the credit provided here.

Keeping in mind the modest size of the credit limit, at £250, and given that neither the CRA data, nor application or affordability data, raised any immediate concerns, I think the checks undertaken by NewDay before lending to Mrs H were proportionate, and the information it gathered suggested that a credit limit of £250 was likely to be affordable for her. I wouldn't have expected NewDay to do any further checks or verification in these circumstances, particularly given the level of borrowing.

Mrs H has pointed to her full credit history, which she says demonstrates how her position was, in fact, worse than the data returned in NewDay's checks suggested. It's important to remember, though, that I wouldn't have expected NewDay to obtain and review Mrs H's credit file. It was, in these circumstances, entitled to rely upon the data it gathered as a result of its proportionate checks; the information Mrs H has highlighted didn't translate into NewDay's checks.

Even so, I have, for completeness, studied the credit file Mrs H has provided, and I'm not persuaded – even if NewDay had reviewed it in full – that a different lending decision would've been reached here. There is some indication of missed repayments and defaults, that's true to say, but largely these were historic and settled by the time Mrs H applied to NewDay.

In any event, having thought about the information NewDay gained through its checks which, to reiterate, it was entitled to rely upon here; it's difficult for me to fairly say that providing Mrs H with a £250 credit card was irresponsible. As I've outlined, nothing in the data gained

about her financial circumstances, nor her management of other outstanding credit commitments at the time, suggested to a noteworthy degree that the lending would be unaffordable.

I am sorry to disappoint Mrs H; I know this won't be the outcome that she's hoping for, and I certainly don't mean to downplay the impact she's said this matter has had. But it's for the reasons I've explained that I don't think NewDay acted unfairly or unreasonably when it provided her a £250 credit card. It follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind NewDay of its obligations to exercise forbearance moving forward. I would certainly encourage Mrs H to keep in regular contact with NewDay about any difficulties she's now facing.

Finally, 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 don't think NewDay lent irresponsibly to Mrs H 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

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 16 June 2025.

Simon Louth
Ombudsman