

## **The complaint**

Mrs T complains that NewDay Ltd, trading as Marbles, irresponsibly provided her with a credit card.

Mrs T is supported in bringing this complaint by a representative. But, for ease, I'll refer to actions and submissions as being those of Mrs T herself.

## **What happened**

NewDay provided Mrs T with a credit card in June 2022 with a limit of £600. In summary, Mrs T says NewDay failed to carry out proportionate checks before lending to her. She also says she already had outstanding debts and unpaid debts, which presented a risk. Overall, Mrs T says the lending was unaffordable for her.

NewDay reviewed matters, but didn't uphold the complaint. It said it carried out a comprehensive affordability assessment, including information provided on the application, information from the Credit Reference Agencies (CRAs) and internal data it holds. Overall, it thought Mrs T had enough disposable income to afford the agreement.

Mrs T remained unhappy and brought her complaint to this service. An Investigator here reviewed matters, but didn't recommend the complaint be upheld. In summary, he thought NewDay carried out proportionate checks which showed the lending was likely to be affordable.

Mrs T disagreed with this position and reiterated some of her previous points. In summary, she also said she had a default recorded in 2019 which, whilst having been recorded historically, was an ongoing issue. She said she was forced to take out additional credit, which subsequently defaulted.

As an agreement couldn't be reached, the case has come 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.

The rules and regulations in place at the time NewDay provided Mrs T with credit required it 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 Mrs T. In other words, it wasn't enough for NewDay to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mrs T.

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 lending to Mrs T.

As part of its submissions, NewDay says it uses various sources, including its internal and external affordability checks, data from the CRAs, and the consumer's declared costs to calculate affordability before deciding whether to lend.

Before opening the card, NewDay asked Mrs T for her gross annual income which she declared as £12,500 – NewDay equated this to a net monthly income of around £1,042. NewDay then considered Mrs T's expenditure, including credit commitments, living costs and housing costs. After doing so, it considered that Mrs T had enough disposable income to sustainably afford repayments. NewDay's submissions also outline that it builds in affordability buffers around its figures, which I've understood to mean that Mrs T's disposable income was likely to be higher than what NewDay would have recorded. NewDay also carried out a credit check which revealed that Mrs T had a debt-to-income ratio of 2.54%, which suggests she didn't have much outstanding debt. Additionally, it recorded that she was managing her current debt well.

NewDay needed to be satisfied that Mrs T could repay £600 within a reasonable period of time. I think the checks carried out here were proportionate in the circumstances. I say this especially considering the modest limit being provided, and the payments that would be required to repay £600 in a reasonable period of time. So, with that in mind, and considering the limit provided compared with low existing debt balances elsewhere and no recent recorded issues with credit, I think NewDay carried out proportionate checks, which revealed the lending was likely to be affordable.

I appreciate Mrs T says that NewDay should have considered that she had defaulted on an account in 2019. NewDay's credit check did reveal a default, and this showed it had been recorded close to three years prior. NewDay's checks also showed that Mrs T was managing her current commitments well, with no recorded issues. With this in mind, and considering that NewDay recorded that Mrs T had enough disposable income to afford repayments, I don't think it was unreasonable to lend.

Therefore, for the reasons I've explained, I can't fairly say that NewDay acted unfairly or unreasonably here in its decision to lend to Mrs T. It follows that I'm not upholding this complaint.

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 T 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 T to accept or reject my decision before 11 July 2025.

Hana Yousef  
**Ombudsman**