

The complaint

Miss C complains NewDay Ltd trading as Fluid (NewDay) acted irresponsibly when it provided her with a credit card facility and subsequently increased the limits on that credit card account.

What happened

Miss C says in April 2022 NewDay approved a credit card account for her when she was already under financial stress and it went on to increase the limit on that credit card account from £450 to £1,050 in October 2022 and to £1,500 in April 2023. Miss C says NewDay didn't carry out sufficient robust financial checks at the time the credit card was issued nor did it do so when the limits were increased. Miss C says NewDay's actions have left her in a cycle of debt and struggling to make the minimum payments.

Miss C wants NewDay to refund all interest and charges with 8% simple interest.

NewDay says it provides credit to customers with a less than perfect credit score and typically provides smaller initial credit limits and increases those over time. NewDay says it carried out a comprehensive affordability assessment before it provided the credit card facility and the subsequent credit limit increases. NewDay says its assessment included information contained within the application, information from credit reference agencies and internal data including how the account had been maintained.

NewDay says it didn't see any indication of financial difficulties when the credit card was issued nor when the two subsequent limit increases were approved. NewDay says Miss C had 40 days to opt out of any of the limit increases offered. NewDay says it is satisfied the credit card account was provided responsibly.

Miss C wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set rules as to what lenders like NewDay must complete, but at the time of the application it did carry out an income and expenditure profile and searches with the credit reference agencies. The investigator felt given the checks carried out by NewDay, these were sufficient to accept Miss C's application considering Miss C's declared income and low level of credit provided.

The investigator also felt when the two limit increases were approved in October 2022 and April 2023, NewDay carried out reasonable further checks including a review of the account and reference to Miss C's credit file, which didn't indicate any financial pressure.

The investigator says that he had seen Miss C's external accounts had been managed well, with no missed payments or any payday loans and evidence of regular overpayments to the NewDay account. The investigator felt those checks were reasonable and proportionate and felt NewDay had made a fair lending decision.

Miss C didn't agree with the investigator's view and asked for the matter to be referred to an

ombudsman for a 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Miss C is experiencing financial difficulties and this must be a difficult time for her. When looking at this complaint I will consider if NewDay carried out reasonable and proportionate checks before it provided Miss C with a credit card account and then increased the credit limits on that account.

As the investigator has highlighted there are no set rules as to what checks a lender must make before it provides credit facilities, other than these take into account the amount, term, cost and type of lending being offered.

Miss C's complaint centres around the fact NewDay's checks weren't sufficiently robust before it approved her initial credit limit nor when it approved two subsequent limit increases.

While I understand the points Miss C makes here, I'm not fully persuaded by her argument. It's worth saying NewDay provide credit to consumers with a less than perfect credit score. While Miss C may not agree, the initial limit approved by NewDay of £450 was a modest level of credit based on her application information and in line with its low and grow approach, which is to start with a low initial limit and over time increase the credit availability based on amongst other things account conduct.

From the information I have seen, before the credit card limit was agreed NewDay carried out credit searches, income and expenditure assessments and referenced information contained in Miss C's application, in which she declared she was employed earning circa £25,000 per annum. Based on what I have seen, there was no indication of external financial pressure nor any indication on her credit file of defaults or CCJ's. So, I'm satisfied before it provided what was a modest initial credit card facility of £450, it carried out reasonable and proportionate checks.

As far as the two increases in the credit limits to £1,050 in October 2022 and £1,500 in April 2023 are concerned, again here I can see NewDay carried out internal affordability checks, further credit searches and reviewed the account operation over that period of time.

From the information I have seen, I can't say I would have expected NewDay to have requested further financial information from Miss C like bank statements or payslips for this level of increase, bearing in mind it's low and grow model.

The information I have seen on review shows no obvious external credit pressure at the time, no defaults, CCJ's or missed payments that might warrant further checks here. Additionally, Miss C had managed her account reasonably well prior to both limit increases and taking all this into account, on balance I'm satisfied the checks NewDay carried out were proportionate and reasonable here for the reasons I have already explained.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Miss C has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above I've not seen anything that makes me think this was likely to have been

the case.

While Miss C will be disappointed with my decision, I won't be asking anymore of NewDay here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 17 June 2025.

Barry White
Ombudsman