

## **The complaint**

Miss H complains NewDay Ltd trading as Pulse (“NewDay”) irresponsibly lent her a credit card and increased the credit limit on a number of occasions without completing sufficient checks.

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

## **What happened**

In March 2019 Miss H applied for a credit card with NewDay. They provided her with a limit of £500, but the next month the limit was increased to £600. In August 2019, the limit was increased again to £1,600.

The limit was increased on another two occasions, first in February 2020 to £3,100 and finally in February 2021 to £3,600. It appears the card was paid off in full in January 2022. In 2024, Miss H complained to NewDay. She said she believes the checks carried out weren’t proportionate, and they should’ve done more when increasing the limit. She believes they didn’t conduct a thorough enough assessment to know if the card and increases were affordable.

In December 2024, NewDay responded to the complaint. They said they felt the checks they completed were proportionate to the amount being lent – Miss H had declared a salary of £40,000 and she had no adverse information showing on her credit file at the time.

Miss H didn’t agree, so her complaint was referred to our service in January 2025. An Investigator here looked into things and they agreed with NewDay. They said for account opening the checks were proportionate as the limit was fairly low in comparison to Miss H’s declared income, and there was no other indicators of potential financial difficulty that would make it seem Miss H might struggle with the limit being offered.

They also felt the same way about all of the subsequent increases. They reviewed both the external information gathered by NewDay and how Miss H had managed the account. They addressed the fact there was a couple of instances of overlimit fees, but they appeared to be isolated. Overall, they felt NewDay’s checks were proportionate and a fair decision to lend was made.

Miss H didn’t agree – she said the first increase happened too quickly, she was already very indebted and her external credit commitments were increasing. Our Investigator responded to these concerns in detail, but as an agreement couldn’t be reached, the complaint has 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.

The rules and regulations in place at the time NewDay provided Miss H 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 H. In other words, it wasn't enough for NewDay to consider the likelihood of them getting the funds back or whether Miss H's circumstances met their lending criteria – they had to consider if Miss H 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 H.

I've reached the same conclusions about the lending as the Investigator, for broadly the same reasons. I appreciate this is likely to come as a disappointment to Miss H, but I'll explain my reasoning below.

When considering the account opening, I believe the checks NewDay carried out were proportionate, and considering the amount being provided to Miss H, and the information they gathered in these checks, 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 £500, and although Miss H had a high level of existing external debt, everything was well managed, and the majority of the debt was for a loan with a fixed, consistent monthly repayment. It wouldn't be a significant cost for Miss H to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

I note Miss H's comments regarding the first increase being very soon after the initial account opening, and the fact NewDay relied on the same information being gathered. However, if, using the information they gathered at opening, they'd provided Miss H with a credit limit of £600 instead of £500, I still would've been satisfied the checks were proportionate and the lending decision fair – so I don't think the time elapsed between account opening and limit increase one is relevant here. And based on the above, I'm satisfied a fair decision was made when NewDay increased the limit to £600.

Prior to the second credit limit increase, Miss H had been paying more than the minimum payment towards her credit card, which indicated the credit was affordable and she had surplus disposable income at the end of the month to make additional payments towards the card. Her external commitments had stayed roughly around the same amount and they were being well managed. So again, I think NewDay's checks were proportionate here and they'd made a fair decision to lend, increasing the limit to £1,600.

I'll now move on to the third limit increase. It's here that Miss H had a couple of overlimit fees, however I don't think these alone would be enough to say NewDay's decision to lend was unfair, or that they should've done additional checks. I say this because Miss H's overall indebtedness had started to decrease, and she was still paying over the minimum amount. I think NewDay's checks were proportionate and they made a fair decision to lend when increasing the limit to £3,100.

Finally I'll consider the last credit limit increase to £3,600. Again, prior to this the account was being well managed with significant overpayments made to the credit card. Miss H's overall indebtedness had also reduced a lot – and her fixed monthly loan repayments were now around a third of what they were when the account was first opened – decreasing from around £940 to around £330. So based on the information NewDay had about Miss H's financial position both internally and externally, there wasn't anything to suggest she was facing financial difficulties or any potential indicators that they may need to carry out additional checks.

Based on the above, overall I'm satisfied that NewDay completed proportionate checks when deciding whether to grant credit and increase the credit limit for Miss H. As well as this, they made a fair decision to lend to her, and so I'm not upholding the complaint.

In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Miss H might have been unfair to Miss H 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 H with the credit card, or by increasing her credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

It's my decision that NewDay Ltd trading as Pulse acted fairly when lending to Miss H, and when increasing her credit limit on multiple occasions.

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

Meg Raymond  
**Ombudsman**