

The complaint

Mr L complains that NewDay Ltd trading as Pulse irresponsibly lent to him.

Mr L is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr L himself.

What happened

Mr L was approved for a Pulse credit card in March 2019 with a credit limit of £1,000. The credit limit was increased to £2,000 in August 2019. In February 2020 the credit limit was increased for a final time, to £3,500. Mr L says that Pulse irresponsibly lent to him. Mr L made a complaint to Pulse, who did not uphold his complaint as they said the affordability assessments were appropriate and proportionate. Mr L brought his complaint to our service.

Our investigator did not uphold Mr L's complaint. He said Pulse made fair lending decisions. Mr L asked for an ombudsman to review his complaint. He said he had a considerable amount of debt, and his debt to income was high.

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.

Before agreeing to approve or increase the credit available to Mr L, Pulse needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Pulse have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Pulse credit card

I've looked at what checks Pulse said they did when initially approving Mr L's application for the credit card. I'll address the further lending decision later on. Pulse said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mr L had provided before approving his application. The information showed that Mr L had declared a gross annual income of £50,000.

None of his Mr L's accounts were in arrears, and they hadn't been in arrears for the six months prior to the checks. The CRA did not report any defaulted accounts on Mr L's credit file, or any County Court Judgements.

The data showed that Mr L had a debt to gross annual income of 69.12%, which would have equated to around £34,560 of active unsecured debt. While the debt to income ratio was relatively high, Pulse received information from the CRA as to how much Mr L was paying a

month towards his monthly credit commitments.

Pulse completed an affordability assessment which included Mr L's net monthly income, information from the CRA about his monthly credit commitments, and modelling to estimate his other outgoings, which is an industry standard way of estimating outgoings. The affordability assessment showed that Mr L should have enough disposable income to sustain affordable repayments for a £1,000 credit limit. So I'm persuaded that Pulse's checks were proportionate here, and they made a fair lending decision.

August 2019 credit limit increase - £1,000 to £2,000

I've looked at what checks Pulse said they did when increasing the credit limit on his account. The data from a CRA shows that Mr L had unsecured borrowings of £35,008, which were similar to when the account was approved. The CRA reported Mr L had no accounts in arrears since the opening account checks.

Pulse would have also been able to see how Mr L managed his account since it had been opened. Mr L made repayments between £200-£400 each month prior to the credit limit increase, which were a lot higher than what he was required to repay. So this could suggest that Mr L had the affordability to be able to make sustainable repayments for a higher credit limit. Mr L incurred no late or overlimit fees on the account since it had been opened prior to the credit limit increase.

So I'm persuaded that the checks which Pulse carried out prior to the credit limit increase were proportionate, and that Pulse made a fair lending decision to approve the credit limit to £2,000.

February 2020 credit limit increase - £2,000 to £3,500

The data from a CRA shows that Mr L had unsecured debt of £24,449 at the time of these lending checks. This was a lot lower than at the last lending decision checks, so it appears that Mr L had not only the affordability to service his debts, but to reduce them significantly also. The CRA again reported Mr L had no accounts in arrears since the last lending decision.

Pulse would have also been able to see how Mr L managed his account since the last lending decision. Mr L again made repayments which were a lot higher than what he was required to repay. And he incurred no late or overlimit fees on the account since the last lending decision.

So I'm persuaded that the checks which Pulse carried out prior to the credit limit increase were proportionate, and that Pulse made a fair lending decision to approve the credit limit to £3,500.

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 can't conclude that Pulse lent irresponsibly to Mr L or otherwise treated him 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or

reject my decision before 18 September 2025.

Gregory Sloanes
Ombudsman