

## **The complaint**

Mr D complains NewDay Ltd trading as Aqua (NewDay) failed to carry out sufficient financial checks before it approved a credit card facility for him.

## **What happened**

Mr D says he applied for a credit card with NewDay in February 2021 and a credit facility of £450 was approved. Mr D says at the time he applied he had other financial commitments and had missed payments and a defaulted account registered, so with that in mind NewDay shouldn't have provided him with a credit card facility.

Mr D wants NewDay to refund all interest and charges with 8% simple interest.

NewDay says it provides credit to consumers with perhaps a less than perfect credit history and offers a small initial credit facility with the option to increase overtime, dependent on the customers ability to maintain payments. NewDay says before it approved the credit card for Mr D it carried out an affordability assessment using information provided on the application and information from credit reference agencies (CRA's).

NewDay says from its assessment there were no active payday loans present, there were no reportable payment arrangements nor any CCJ's, IVA's or Bankruptcies. NewDay says it undertook reasonable and proportionate checks before approving the credit card account for Mr D.

Mr D 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 is no set list of checks lenders like NewDay must carry out before approving credit facilities, but these must be borrower focused and consider the amount, type and cost of any facility. The investigator says NewDay considered the information provided on Mr D's application, including his income and employment status and additionally obtained information available from the CRA's at that time.

The investigator says the information available showed there were no CCJ's, IVA's or Bankruptcies and no active defaults present, as the last default was over three years old. Additionally, the investigator pointed out that on his review there were no missed or late payments in the previous six months.

So, with that in mind the investigator felt NewDay had completed reasonable and proportionate checks and while Mr D subsequently provided some screenshots indicating missed and late payments for other credit commitments he had, the investigator pointed out he could only rely on the information available to NewDay in February 2021.

The investigator felt in view of the low credit limit offered, NewDay had undertaken reasonable and proportionate checks before it approved the credit card account and the decision to lend was fair.

Mr D 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 understand Mr D is experiencing some financial issues and that must be a source of worry to him.

When looking at this complaint I will consider if NewDay carried out reasonable and proportionate checks to assess affordability, before it approved a credit card for Mr D in February 2021.

It's worth saying here that there are no set list of checks a lender like NewDay must undertake, but I would expect these to be customer focused and proportionate taking into account the amount, term and type of lending approved.

Additionally, it should be pointed out that NewDay are what is known as a "low and grow" lender. This means it provides consumers with perhaps a less than perfect credit background, the ability to strengthen their credit standing by providing an initial low credit facility and look to increase this overtime, dependent on account conduct and the ability to meet any further credit commitment.

From the information I have seen NewDay undertook an affordability assessment using details from the CRA's and the information provided by Mr D in his application, showing his income and expenditure. From that information I can see that there were no current bankruptcies, IVA's, CCJ's or any defaults within the last 36 months.

It's worth saying here NewDay approved a modest credit limit of £450 in line with its low and grow model, so it's reasonable to say here that I wouldn't expect the depth of financial due diligence to be as comprehensive as say for a long-term larger line of credit.

While Mr D has provided some screenshots post the investigator's view, indicating that he had missed and late payments recorded, all I can say is from the information NewDay provided to this service, that it relied on back in 2021, this other information wasn't recorded in any searches it carried out that I can see. So, it's fair to say it could only rely on the information it had at its disposal back then to make its financial assessment.

So, taking everything into account, on balance I'm satisfied NewDay carried out reasonable and proportionate affordability checks before it approved what is after all a modest level of credit here.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Mr D has complained about, including whether its relationship with him 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 Mr D will be disappointed with my decision, I won't be asking anymore of NewDay.

**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 Mr D to accept or reject my decision before 30 July 2025.

Barry White  
**Ombudsman**