

## **The complaint**

Miss M complains that NewDay Ltd acted irresponsibly in granting her a credit card.

## **What happened**

Miss M opened an account with NewDay in June 2020. The credit limit was £600.

In 2024, Miss M complained to NewDay that the account had been unaffordable for her. In its final response letter, NewDay said it thought it had acted responsibly and didn't uphold the complaint. Miss M was unhappy with NewDay's response, and so referred her complaint to our service.

One of our Investigators considered the complaint and didn't uphold it. Miss M disagreed with our Investigator's opinion, so the case came 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.

I've considered the relevant rules and guidance on responsible lending set by the regulator, the Financial Conduct Authority, laid out in the consumer credit handbook (CONC). In summary, these say that when NewDay first offered the credit card it needed to complete reasonable and proportionate checks to satisfy itself that Miss M would be able to repay the debt in a sustainable way, without borrowing further elsewhere. As this was an open-ended account, very also needed to consider whether Miss M would be able to repay the debt within a reasonable period.

NewDay has explained that prior to offering Miss M the account, it assessed information from a credit reference agency as well as the information in the application to determine whether or not to lend.

In the application, Miss M declared that her annual income was £35,000 (or around £2,036 a month). NewDay estimated that Miss M's housing costs were around £540, and her other essential living expenses were around £452. NewDay also estimated that Miss M's payments towards her existing credit commitments were around £627 a month. It estimated that her disposable income was around £382 a month.

NewDay found no defaults or CCJs against Miss M's name. The information from the credit reference agency showed that Miss M had been two months' payments in arrears on at least one account within the six months prior to the application. It also showed that Miss M had brought all her accounts up to date by the time she applied for the credit card account.

I appreciate that it appears Miss M had experienced some financial stress in the six months prior to the application. But she had managed to bring all her accounts up to date before making the application. Overall, given the relatively low credit limit, I think that NewDay

conducted proportionate checks, and I think that it reasonably considered that the credit card would be sustainably affordable for Miss M.

I've also considered Section 140A of the Consumer Credit Act. For the reasons I've already given, I don't think NewDay lent irresponsibly to Miss M 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 Miss M to accept or reject my decision before 8 October 2025.

Frances Young  
**Ombudsman**