

The complaint

Mrs M complains that NewDay Ltd trading as Aqua ('NewDay') manipulated her credit card account to keep her over her credit limit and make profit from her.

Mrs M wants her credit limit to be increased, or for NewDay to adjust her balance so she's within her present credit limit.

What happened

Mrs M is assisted by Mr M to bring her complaint.

Mrs M applied to increase her credit limit from £1,800 to £3,500 in July 2024. NewDay increased Mrs M's credit limit to £2,800 and Mrs M exceeded this in August 2024. This led to Mrs M's account being suspended and she was asked to make payments to bring her account within her credit limit.

Mrs M complained to NewDay about the credit limit, the interest and the charges, and said she was being victimised. NewDay didn't uphold Mrs M's complaint, but refunded some of the interest and charges as a goodwill gesture.

Mrs M referred her complaint to the Financial Ombudsman Service. Our investigator concluded NewDay had applied their lending criteria and could demonstrate they'd acted fairly towards Mrs M. Our investigator gave a detailed view of why she thought the charges and interest had been fairly applied.

Mrs M was unhappy and sought an ombudsman's decision. Writing on Mrs M's behalf, Mr M referred to Mrs M's exemplary record, and her previous high credit limit with NewDay. Mr M explained Mrs M thought NewDay had deliberately manipulated the account in order to add more charges. Mr M also expressed concern that NewDay hadn't adjusted how they were treating Mrs M following her recent dementia diagnosis.

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 taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

Having reviewed the submissions and available evidence from both parties, I have decided not to uphold Mrs M's complaint for broadly the same reasons as those reached by our investigator.

Whilst I recognise Mrs M wanted a higher credit limit to facilitate planned expenditure, and had previously held a higher limit with NewDay, I don't think this meant NewDay had to give Mrs M the credit limit she requested. NewDay were required to meet their regulatory

obligations to lend responsibly, and were at liberty to make their own lending decision according to their appetite for risk.

I agree with our investigator that NewDay don't need to give a specific reason for refusing to lend more than £2,800, as their lending criteria is commercially sensitive. I think NewDay acted in line with good industry practice by giving the headline reason – that Mrs M hadn't been eligible for a higher credit limit following a review of internal and external factors such as information from Mrs M's credit file and how she managed her account.

When Mrs M exceeded her credit limit her account was suspended. I think this was fair as it prevented further spending which would likely have made Mrs M's financial position worse.

The terms and conditions of Mrs M's account set out the charges due when payments are missed and the credit limit is exceeded, and I think these were fairly applied to Mrs M's account in these circumstances.

I agree with Mrs M that more interest was charged by NewDay following the credit limit increase, but I think this was because the balance had dramatically increased and it wasn't because NewDay had applied a higher interest rate than set out in her credit agreement.

Our investigator provided a detailed analysis of how the minimum payments were calculated and I agree with her assessment that the charges and interest being applied didn't exceed the minimum payment being requested, because the minimum payment also included 1% of the balance on the account. The minimum payments certainly increased, but this was because the account was over its new credit limit and the balance was higher than it had previously been.

I recognise Mrs M's strength of feeling that she's been victimised by NewDay. I'm unable to agree with Mrs M on this point because I haven't seen evidence to persuade me that NewDay deliberately kept her credit limit low, with the intention to profit when she exceeded it. NewDay raised Mrs M's credit limit by £1,000. Mrs M was under a contractual obligation to keep within her higher credit limit but she exceeded it, and this is what led to charges on the account.

In these circumstances I think NewDay have acted in line with the terms and conditions of Mrs M's account, and have treated her fairly.

I am sorry to hear of Mrs M's recent dementia diagnosis and I acknowledge that Mr M feels NewDay haven't engaged well with Mrs M in light of her circumstances.

I would typically expect firms to follow the FCA's guidance when identifying and engaging vulnerable customers. But during my investigation of this complaint I've not seen any evidence to suggest NewDay were aware, or should reasonably have been aware, of Mrs M's dementia before Mr M's letter to them on 22 November 2024, after Mrs M raised her complaint.

If Mrs M wishes the Financial Ombudsman Service to investigate concerns about how NewDay have engaged with her since being aware of the changes to her health, she would first need to raise a separate complaint with NewDay. This is because the Financial Ombudsman Service can only consider complaints a firm has had the opportunity to respond to.

I will remind NewDay to be mindful of Mrs M's change in circumstances for their future interactions with Mrs M, and that NewDay are under an obligation to treat Mrs M fairly, with forbearance and due consideration, when discussing how her arrears should be addressed.

My final decision

For the reasons I've outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 21 July 2025.

Clare Burgess-Cade
Ombudsman