

The complaint

Miss J complains that NewDay Ltd trading as Fluid lent irresponsibly when it approved a credit card application she made.

What happened

Miss J applied for a Fluid credit card in January 2019. In her application, Miss J said she had an annual income of £30,636 that Fluid calculated left her with £1,818 a month after deductions. Fluid applied estimates for Miss J's housing and general living expenses totalling £838 a month to the application. A credit search found Miss J had existing debts or around £1,800 and was making monthly repayments of £93. No adverse credit, defaults or recent missed payments were noted on Miss J's credit file.

Fluid applied its lending criteria and says Miss J had an estimated disposable income of £882 a month after covering her regular outgoings. Fluid approved Miss J's application and issued a credit card with a £1,200 limit.

Miss J went on to use the credit card. Fluid decreased Miss J's limit to £850 in July 2019 and £450 in September 2019.

Last year, Miss J complained that Fluid lent irresponsibly and it issued a final response. Fluid said it had carried out the relevant lending checks before approving Miss J's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss J's complaint. They thought Fluid completed reasonable and proportionate checks before deciding to approve Miss J's application and weren't persuaded it lent irresponsibly. The investigator didn't uphold Miss J's complaint. Miss J asked to appeal and said Fluid had failed to complete proper affordability checks. Miss J also said her income was overstated in the application information Fluid used and that the disposable income figure it reached wasn't right. As Miss J asked to appeal, her complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Fluid had to complete reasonable and proportionate checks to ensure Miss R could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Fluid used when considering Miss J's application above. I can see Miss J gave an income of £30,686 in her application. Miss J's since told us that figure was likely a mistake and she wasn't receiving income at that level. But I think it's reasonable to note Fluid used a service provided by the credit reference agencies that monitors current account turnover (CATO) to help verify the level of income Miss J declared. Miss J's response to the investigator questions whether the reliance on this service is reasonable as it could take other deposits received in her current account into account. But the CATO tool is part of a series of checks Fluid uses when assessing an application. And whilst I understand Miss J's point, I think it was reasonable for Fluid to rely on a CATO figure that matched the income figure she gave in the application.

Fluid used nationally recognised statistics to estimate Miss J's regular outgoings for her general living expenses and housing costs. I understand Miss J feels the use of estimates wasn't right. But the approach is one Fluid is allowed to take under the relevant lending regulations. If Fluid had found other points on Miss J's application that indicated she was already overcommitted or potentially experiencing financial difficulties, I'd have expected some additional checks to be completed. But I haven't seen anything in the application information Fluid used that indicates additional checks were required.

Miss J's credit file was free from adverse credit, defaults or recent missed payments. Miss J owed around £1,800 and was making repayments of £93 a month. In my view, Miss J had a reasonably low level of existing debt at the time of the application when compared against her income and I'm satisfied it was being well maintained. I haven't seen anything on Miss J's credit file information that indicates she was already overcommitted or would've told Fluid she was experiencing financial difficulties.

Ultimately, Fluid reached the conclusion Miss J had an estimated disposable income of £882 a month after meeting her regular outgoings. In my view, that shows Miss J was able to sustainably afford repayments to a credit card with a £1,200 limit. I'm satisfied that Fluid completed reasonable and proportionate checks in line with the level and nature of credit it went on to approve. And I'm satisfied the decision to approve Miss J's application and issue a credit card with a limit of £1,200 was reasonable based on the information Fluid obtained. I'm very sorry to disappoint Miss J but I haven't been persuaded Fluid lent irresponsibly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Fluid lent irresponsibly to Miss J or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 20 June 2025.

Marco Manente
Ombudsman