

The complaint

NewDay Ltd trading as Aqua provided Mr B with a credit card. In February 2024, they increased his credit limit from £2,100 to £3,600. Mr B says the increased credit limit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 considered everything, I'm upholding Mr B's complaint. I'll explain my reasoning below.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr B's case.

I've decided the credit wasn't provided fairly because:

- I don't think the checks NewDay did before increasing Mr B's credit limit were reasonable and proportionate given the limit they offered and what they knew about Mr B's financial situation.
- If NewDay had done proportionate checks, I think it's likely these would have shown it was unfair to increase Mr B's credit limit.
- Based on the information Mr B has provided about his circumstances at the time, I think NewDay should have realised Mr B was likely to be unable to sustainably repay what he was being lent.
- The information showed Mr B's average expenditure exceeded his income. So, he didn't have sufficient disposable income to afford the increased credit limit.

This means I don't think NewDay should have increased Mr B's credit limit.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr B in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

Mr B has said NewDay should refund interest and charges on his entire balance, but I don't agree that's fair and reasonable in the circumstances. That's because he hasn't asked us to make a finding on the affordability of his earlier credit limits. Additionally, even if the further checks carried out in early 2024 showed Mr B would struggle to repay his credit card as a whole – when showing forbearance, removing all interest and charges wouldn't have been the only solution NewDay had to suggest when offering support.

As I don't think NewDay should have increased Mr B's credit limit above £2,100, I don't think it's fair for them to charge any interest or charges on any balances which exceeded that limit. However, Mr B did spend the money so I think he should pay this back. Therefore, NewDay should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £2,100 after 16 February 2024.
- If the rework results in a credit balance, this should be refunded to Mr B along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. NewDay should also remove all adverse information recorded after 16 February 2024 regarding this account from Mr B's credit file.
- Or, if after the rework the outstanding balance still exceeds £2,100, NewDay should arrange an affordable repayment plan with Mr B for the remaining amount. Once Mr B has cleared the outstanding balance, any adverse information recorded after 16 February 2024 in relation to the account should be removed from his credit file.

*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. They must give Mr B a certificate showing how much tax has been taken off if he asks for one. If they intend to apply the refund to reduce an outstanding balance, they must do so after deducting the tax.

My final decision

My final decision is that I'm upholding Mr B's complaint about NewDay Ltd trading as Aqua.

To put things right, NewDay Ltd trading as Aqua should do as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 November 2025.

Sarrah Turay
Ombudsman