

The complaint

Mr V complains that NewDay Ltd trading as John Lewis Partnership Card (JLPC) have irresponsibly lent to him.

What happened

Mr V was approved for a JLPC in August 2022 with a £7,200 credit limit. He says that JLPC irresponsibly lent to him. Mr V made a complaint to JLPC, who did not uphold his complaint. JLPC said that their credit worthiness assessment showed Mr V had enough disposable income to be able to afford the repayments without financial difficulty. Mr V brought his complaint to our service.

Our investigator upheld Mr V's complaint. She said that JLPC should have made further checks, and that further checks would have shown that Mr V didn't have enough disposable income (£350) to sustainably make repayments on the account.

JLPC asked for an ombudsman to review the complaint. They said that they had calculated an expected payment of approximately £283 based on the £7,200 credit limit, whereas Mr V had been making monthly repayments on average between September 2022-February 2024 of £525. JLPC said Mr V did not incur any fees for the first 13 months of the account. They said Mr V contacted them on 5 September 2024 to advise them of the reason he was now struggling to pay his bills.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"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 approve the credit available to Mr V, JLPC needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks JLPC have done and whether I'm persuaded these checks were proportionate.

JLPC used information from Credit Reference Agencies (CRA's) and Mr V. The CRA's they used reported that Mr V had no defaults of County Court Judgements (CCJ's) on his credit file. He was not in arrears on any of his accounts he had, and he hadn't had any arrears for the six months prior to the checks.

Mr V declared a gross annual income of £39,000. So this would equate to around a £2,545.20 net monthly income. The CRA reported to JLPC that Mr V's monthly credit commitments were £1,334 a month. So it would appear that Mr V was already spending more than 50% of his net monthly income servicing his debt.

I am mindful that the JLPC offered a six month 0% interest on balance transfers. So if Mr V were to use this offer to transfer a balance the net monthly amount that he spent on servicing his credit commitments may not increase (and possibly it could decrease). But it was still a large amount of his net monthly income he is paying towards his debts.

JLPC's data does not state what Mr V's total unsecured debt balances were. So I asked JLPC for the raw data that they had at the time of the checks. But they were unable to provide me with any further information. Mr V did provide our service his credit file, but the CRA that provided his credit file was not the same CRA that JLPC used for their checks. So I can't fairly say that JLPC would have seen the same information which was showing in the credit file he sent us, as different lenders may not report all of the information to all of the different CRA's.

While JLPC have said that based on their affordability assessment Mr V would have enough disposable income to afford the repayments on his account, their affordability assessment only considered his monthly credit commitments, and not any living costs, housing costs etc.

So based on Mr V's existing monthly credit commitments and this credit card being approved for a £7,200 credit limit, which would nearly be a fifth of his declared gross annual income he declared, then I'm persuaded that JLPC should have completed further checks to ensure the lending would be affordable and sustainable for him.

There's no set way of how JLPC should have made further proportionate checks. One of the things they could have done was to contact Mr V to ask him his other outgoings to ensure he could sustainably afford repayments for a £7,200 credit limit. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Mr V has provided his bank statements leading up to this lending decision. The August 2022 statement was produced only four days prior to the JLPC being opened, so it's possible that JLPC wouldn't be able to consider the information showing on the statement.

But Mr V's statements show his account is generally well ran. He has a £1,000 arranged overdraft limit, and for the three statements I looked at he enters his overdraft for only one day for £9.79 in June 2022. But on the same statement, Mr V is showing as making a bill payment for £2,000 with his name and a reference of savings. So if JLPC had asked for Mr V's statements as part of a proportionate check, it would have appeared that Mr V could contribute to savings as well as paying his general outgoings.

In addition to this, Mr V makes several transactions to a third party company over the three month period which offer saving and investment products. Mr V's statements show he frequently has a four figure credit balance. There are no returned direct debits. The statements show the actual monthly credit commitments Mr V was paying appear to be lower than what the CRA's reported to JLPC.

While I've noted what JLPC have said about what Mr V actually repaid and the conduct of his account once it was opened, they wouldn't have been aware of this prior to the account being opened. But if they had requested his bank statements leading up to this lending decision, I'm persuaded that they still would have approved the £7,200 credit limit, and I'm persuaded that they made a fair lending decision here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that JLPC lent irresponsibly to Mr V or otherwise treated him 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. So it follows I don't intend to ask JLPC to do anything further."

I invited both parties to let me have any further submissions before I reached a final decision. JLPC did not respond to the provisional decision. Mr V did not accept the provisional decision. He made a number of points. In summary, Mr V said the funds transfer was due to the sale of his car as he could no longer afford it. He said he separated from his partner at the time, and they gave him money for funds owed which was for his future, not his card repayments.

Mr V said he declared to JLPC that his rent was £1,000 a month, and he had his other bills/travel to pay for which means he couldn't meet his monthly repayments for the JLPC account. He says if JLPC are honest the data would show he was unable to meet his repayments, and he has now made an arrangement to pay with them. Mr V says this has had a massive detrimental effect on his mental health.

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 what Mr V has said regarding fund transfers/the payment into his savings account. I'd like to thank Mr V for giving me the background of his personal circumstances here. As I said in the provisional decision I do think JLPC should have made further checks based on the data they had. But if they would have requested Mr V's bank statements as part of a proportionate check, it would be reasonable to expect them to consider the information these statements showed.

I'm not persuaded that it would have been proportionate for JLPC to have asked Mr V further questions based on what the statements showed. They would not be reasonably aware that he'd split from his partner, or that the transfer to his savings was for something other than general savings based on the reference on his statement. So it wouldn't have been proportionate for JLPC to have contacted Mr V to see if there was more to what his statements showed.

The account opening checks do not show Mr V declaring any outgoings such as £1,000 for rent each month. But if JLPC had made further checks based on the reasoning I gave in the provisional decision, they would have been able to see documented evidence of Mr V's outgoings via his statements.

As I said in the provisional decision "Mr V makes several transactions to a third party company over the three month period which offer saving and investment products. Mr V's statements show he frequently has a four figure credit balance. There are no returned direct debits. The statements show the actual monthly credit commitments Mr V was paying appear to be lower than what the CRA's reported to JLPC."

I've considered what Mr V has said about him not meeting his monthly payments for the account. I can empathise with what he's said about his mental health. The data shows that the first time Mr V incurred a late payment charge on this account was in March 2024 (albeit I note he repaid £200 in the month he incurred this fee), and he made repayments totalling £594.30 the following month.

The next late fee Mr V incurred was in September 2024, which is when JLPC have said Mr V explained the reason why he was struggling to make his repayments. So it appears Mr V's financial difficulty was a result of his personal and financial change in circumstances in 2024,

which I'm not persuaded it would be foreseeable to JLPC in August 2022 when the account was approved.

In summary, Mr V's response hasn't changed my view, and my final decision and reasoning remains the same as in my provisional decision. If Mr V is disappointed, I hope he understands my reasons.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 25 June 2025.

Gregory Sloanes
Ombudsman