

## The complaint

Mrs T complains that NewDay Ltd trading as Marbles irresponsibly provided her with an unaffordable credit card.

Mrs T's complaint has been brought to us by a professional representative, but for ease I'll refer to all submissions as though they are her own.

## What happened

NewDay provided Mrs T with a credit card account in 2018 under its Marbles brand. It provided Mrs T with the following credit limits:

Date	Lending Decision	Credit Limit
November 2018	Original limit	£1,200
June 2019	1 <sup>st</sup> limit increase	£3,200

In July 2024 Mrs T complained to NewDay. She said the credit limits provided weren't affordable for her, and that had NewDay completed reasonable checks it would have identified this and not provided the lending.

NewDay didn't uphold Mrs T's complaint. It issued its final response in August 2024 and said it considered its checks were proportionate; and that it went on to make fair lending decisions when providing her with these credit limits.

Unhappy with NewDay's response Mrs T referred her complaint to our service for review.

Our investigator considered the details of Mrs T's complaint and upheld it in part. While they considered that NewDay had completed proportionate checks before each lending decision; they concluded it hadn't made a fair lending decision when increasing the credit limit in 2019.

Mrs T accepted our investigator's view; NewDay didn't. It provided comments setting out why it considered Mrs T was left with a reasonable level of disposable income to afford repayments to the new limit; and that it didn't consider her monthly debt to income ratio to be unreasonable. Our investigator clarified the monthly disposable income and debt to income ratio, but NewDay still disagreed with their outcome.

NewDay asked for an ombudsman's review, so the complaint has been passed 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.

The information in this case is well known to Mrs T and NewDay, so I don't intend to repeat it in detail here. While my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything

available to me; but I've focused my findings on what I consider to be the key points and facts relevant to this complaint. I don't mean to be discourteous to Mrs T or NewDay by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website; and I've seen our investigator made Mrs T and NewDay aware of this approach within their view.

Essentially NewDay needed to take reasonable steps to ensure the lending it provided Mrs T was responsibly lent. The relevant rules, regulations, and guidance in place at the time NewDay made its lending decisions required it to carry out reasonable and proportionate checks. These checks needed to assess Mrs T's ability to afford the credit limit being provided and repay it sustainably, without causing her financial difficulties or harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, considering things like the type, amount, duration, and total cost of the credit, as well as the borrower's individual circumstances.

And it isn't sufficient for NewDay to just complete proportionate checks – it must also consider the information it obtained from these checks to make fair lending decisions. This includes not lending to someone in financial hardship; and ensuring repayments can be made sustainably without the need to borrow further.

I've split my findings below under different headings for ease.

#### The original credit limit of £1,200 in November 2018

Our investigator concluded that NewDay had completed proportionate checks and made a fair lending decision when providing Mrs T with this original credit limit of £1,200 in November 2018. Mrs T has confirmed she accepts our investigator's view.

As such there is no longer an ongoing dispute about this original credit limit; so, I've not gone into the details of this lending decision. However, for the avoidance of doubt, having reviewed the details I agree with our investigator's findings on this credit limit, for the same reasons.

So, it therefore follows I'm satisfied NewDay completed proportionate checks and made a fair lending decision when providing Mrs T with the original credit limit of £1,200 in November 2018.

#### The credit limit increase to £3,200 in June 2019

At the point of this increase NewDay says it calculated Mrs T had a disposable monthly income of around £360. It's said it reached this value based on data it obtained from credit reference agencies. NewDay has said it considers the information it obtained didn't suggest Mrs T was showing any signs of financial difficulties and that this new credit limit was sustainably affordable for her.

I've carefully considered NewDay's arguments; having done so I consider it did complete proportionate checks at this lending event, but I'm not persuaded it went on to make a fair lending decision based on the information it obtained.

I say this because NewDay's own checks suggested Mrs T would be left with a monthly disposable income of around £360 before this credit limit increase was provided.

Mrs T's monthly repayments to credit were already at a value of around £450 before NewDay increased her limit; and this already represented a sizeable percentage of her monthly income. By providing Mrs T with a further £2,000 of available credit this percentage figure would increase significantly were Mrs T to fully utilise the new credit limit (which NewDay's checks needed to be based on); and I'm not persuaded that the increased level of monthly commitment towards credit was at a sustainable level for Mrs T, given the percentage of her income that it would represent.

The increased monthly repayment to credit would also reduce Mrs T's disposable income, and to a level I don't consider would leave her with a reasonable amount for day-to-day expenses, as well as any unexpected costs Mrs T may incur from month to month.

I consider this is more relevant to Mrs T as NewDay was aware from the credit check it completed that she was a homeowner, as a mortgage balance and monthly commitment to a mortgage was reported. So, Mrs T was someone who would be more likely to require a larger monthly disposable income figure for any unexpected costs that may occur, especially in relation to costs towards the upkeep of her property.

Mrs T's income is relatively modest, and by providing her with this increased credit limit I consider her total monthly repayment to credit would be at a level that wasn't sustainable; and it wouldn't leave her with a reasonable level of monthly disposable income.

So, it follows I don't consider NewDay made a fair lending decision when providing Mrs T with this credit limit increase in June 2019; and it therefore needs to take action to fairly resolve this complaint.

#### Did NewDay act unfairly or unreasonably in any other way?

I've considered whether NewDay has 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, I'm satisfied the redress I'm directing in this case, as set out below, results in fair compensation for Mrs T in the circumstances of the complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

#### **Putting things right**

As I don't consider NewDay made a fair lending decision when increasing Mrs T's credit limit above £1,200, I don't think it's fair for it to apply any interest or charges on any balances which exceeded that limit. However, Mrs T has had the use of the money she spent on the account, so I think it's fair she 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 £1,200 from the limit increase in June 2019.
- If the rework results in a credit balance, this should be refunded to Mrs T along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. NewDay should also remove any adverse information recorded on Mrs T's credit file from June 2019.
- Or, if after the rework there's still an outstanding balance, NewDay should arrange an affordable repayment plan with Mrs T for the remaining amount. Once Mrs T has cleared the outstanding balance, any adverse information reported to her credit file about this account from June 2019 should be removed.

\*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Mrs T a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

### **My final decision**

My final decision is that I uphold Mrs T's complaint about NewDay Ltd trading as Marbles.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 22 July 2025.

Richard Turner  
**Ombudsman**