

The complaint

Ms B complains NewDay Ltd Trading as Fluid (NewDay) failed to carry out sufficient financial checks before it approved a credit card account for her.

What happened

Ms B says she applied for a credit card with NewDay around three years ago at a time when she was already indebted elsewhere, with a poor credit record and only meeting her minimum monthly payments. Ms B feels NewDay failed to carry out sufficient checks before it approved her credit card facility of £450 and if it had, it would have seen further borrowing was unaffordable.

Ms B says this matter has contributed to her poor mental health and wants NewDay to refund all interest and charges with 8% simple interest, and to remove any adverse information from her credit file.

NewDay says it provides credit to consumers with perhaps a less than perfect credit background and offers an initial modest limit and looks to increase this overtime dependent on the account management. New Day says it carried out a comprehensive affordability assessment using information from Ms B's application where she declared an income of £20,000 per annum and also used credit reference agencies and internal data.

NewDay says that data showed there was no missed payments, active payday loans or reportable payment arrangements, CCJ's or defaults at the time of the application in August 2022. NewDay feels it carried out proportionate checks before it approved the credit card account to Ms B.

Ms B wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like NewDay must carry out but these need to be borrower focused and consideration given to the amount, term and type of lending.

The investigator says NewDay evidenced it used information from the credit reference agencies (CRA's), information contained in Ms B's application form and using internal verification sources that showed her income at around £20,000 per annum. With that in mind the investigator felt given the amount of credit provided, NewDay had gathered a reasonable and proportionate amount of information to show the borrowing was affordable.

The investigator says from the information sources, NewDay evidenced there were no recent missed payments, CCJ's, defaults or active payday loans so there was no evidence of financial difficulties.

The investigator did not believe NewDay acted unfairly when approving the credit card.

Ms B didn't agree with the investigator's view and asked for the matter to be referred to an

ombudsman for a final 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 done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn that Ms B is experiencing financial difficulties and this has had an effect on her mental wellbeing, and this must be a difficult time for her.

When looking at this complaint I will consider if NewDay carried out sufficient and proportionate financial checks before it approved the credit card facility of £450 to Ms B in August 2022.

Ms B maintains NewDay failed to carry out sufficient checks before it approved her credit card account and if it had it would have shown she was overcommitted financially and only making minimum payments on her existing debts.

I understand the points Ms B makes here but I'm not fully persuaded by her argument.

I say this for a number of reasons, firstly there are no set rules as to what checks lenders like NewDay must undertake before approving credit facilities to its customers, other than these should be borrower focused and take into consideration the affordability, amount, term and type of borrowing.

It's also worth pointing out NewDay are what is known as a low and grow lender, meaning it provides applicants with perhaps a less than perfect credit background with a modest initial credit limit and looks to increase that overtime, based on the account operation and affordability of any external borrowing.

From the information I have seen, NewDay carried out various financial checks before it approved the modest £450 credit limit to Ms B in August 2022, including information contained within her application declaring income of £20,000 per annum, CRA checks and internal affordability modelling. From those checks NewDay have evidenced there were no missed payments recorded, no active payday loans, no defaults, CCJ's or reportable payment arrangements.

While Ms B says she was only managing the minimum payments on her other credit commitments, that wouldn't in itself be a reason for a lender like NewDay not to provide a modest credit facility like this. So, taking into account the level of borrowing here I wouldn't expect NewDay to have requested any further financial information from Ms B.

It's also worth noting that from the information provided to this service from NewDay, Ms B didn't start to use her credit card facility with them for around eight months after the credit card account was opened – which suggests in all probability any financial pressure started from that point on.

Taking this all into account I am satisfied NewDay carried out reasonable and proportionate affordability checks before it approved the credit card facility to Ms B.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Ms B has complained about, including whether its relationship with her might

have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Ms B will be disappointed with my decision, I won't be asking anymore of NewDay.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 30 July 2025.

Barry White
Ombudsman