

The complaint

Mrs S complains that NewDay Ltd trading as Marbles Card was irresponsible in its lending to her. She wants all interest and charges refunded along with statutory interest and any adverse information removed from her credit file.

Mrs S is represented by a third party but for ease of reference I have referred to Mrs S throughout this decision.

What happened

NewDay provided Mrs S with a Marbles credit account in July 2021. The initial credit limit was £1,200. This was increased on five occasions to £3,800 in March 2024. Mrs S said that proportionate checks weren't carried out before the credit was provided.

NewDay issued a final response to Mrs S's complaint dated 28 June 2024. It said that comprehensive affordability checks were carried out before the account was opened and credit limit increases offered. It noted that when Mrs S applied for the account, she declared an annual income of £15,400 and it said its creditworthiness assessment found she had sufficient income to meet the repayments on the lending. It said further checks were carried out before the credit limit increases and no signs of financial difficulty were identified.

Mrs S referred her complaint to this service.

Our investigator thought the checks carried out by NewDay before the account was opened and credit limit increases applied were reasonable. However, he thought the disposable income that was calculated was low and not sufficient to suggest that the lending would be sustainably affordable. Therefore, he upheld this complaint from the account opening.

NewDay didn't agree with our investigator's view. It provided further explanation of its affordability calculations and said that it took a conservative approach. Our investigator considered NewDay's comments, but he still didn't think that the lending should have been considered sustainably affordable.

As a resolution wasn't agreed, this complaint was passed to me, an ombudsman, to issue a decision.

My provisional conclusions

I issued a provisional decision not upholding this complaint. The details of my decision are set out below.

Mrs S was provided with a credit card account, and the credit limit was increased on five occasions:

- *6 December 2021 – from £1,200 to £1,950*
- *25 April 2022 – from £1,950 to £2,250*
- *2 September 2022 – from £2,250 to £2,850*

- 6 January 2023 – from £2,850 to £3,350
- 4 March 2024 – from £3,350 to £3,800

I have considered each of these lending decisions.

Account opening - July 2021

Before the account was opened, NewDay gathered information about Mrs S's income and carried out an affordability assessment and credit check. Mrs S declared an annual income of £15,400 (giving a net monthly income of around £1,217). The credit check results did return some adverse data, but this was historic – 58 months since last public record and 65 months since last default. Given when the adverse information was recorded and noting that Mrs S had no recent adverse credit records, I do not find that the credit check raised concerns that meant further checks were needed.

The initial credit limit offered was £1,200 resulting in repayments at 5% of £60. Noting the size of the repayments compared to Mrs S's income and as the credit check didn't raise concerns, I think the checks carried out before the account was opened were proportionate.

I have then considered whether, based on the checks, NewDay acted responsibly by providing the credit. NewDay has provided the details of its affordability assessment. It included Mrs S's credit commitments, housing costs and living costs. Deducting these from Mrs S's net monthly income left a low disposable income to cover any unforeseen costs. But, I note NewDay's further explanation of how this was calculated and that the assessment included estimates of Mrs S's housing and living costs as well as her credit commitments. Taking into account the amount of credit and the result of Mrs S's credit check, I do not find I have enough to say that this lending should have been considered irresponsible. Therefore, I do not uphold this complaint in regard to the account opening.

First credit limit increase December 2021

Mrs S's credit limit was increased to £1,950 in December 2021. By this time, Mrs S had been operating her account for around five months and so NewDay had this information available to it. It also had information regarding Mrs S's external credit commitments.

Mrs S's account management showed that she carried out a money transfer shortly after opening the account. She had incurred no overlimit or missed payment fees and hadn't made any cash advances. Her account balance was comfortably within the credit limit. Given this I do not find that Mrs S's account management raised concerns.

The external credit data didn't record any recent missed payments or arrears. So, considering the size of the increase and the cost of this, and taking into account Mrs S's account management and management of her external credit commitments, I do not find I can say that NewDay was wrong to provide the first credit limit increase.

Second credit limit increase April 2022

Mrs S's credit limit was increased to £2,250 in April 2022. In the months between the first and second limit increases, Mrs S had managed her account well. There were no overlimit or missed payment charges and her account balance was less than half the available credit limit. This doesn't suggest that Mrs S was struggling financially. Mrs S's external credit commitments hadn't increased, and she was no longer recorded as making any loan repayments (just credit card). There was no new adverse information recorded suggesting Mrs S was able to manage her existing level of credit.

While I note this increase brought the credit limit to £2,250, more than double the initial credit limit given less than a year previously, I do not find at this point I have enough to say that the additional credit should have appeared unaffordable for Mrs S.

Third credit limit increase September 2022

Mrs S's credit limit was increased to £2,850 in September 2022. Mrs S's account management didn't raise concerns with no missed payment or overlimit charges applied. Mrs S's outstanding balance did increase in July 2022, around the time the limit increase was offered but it was still comfortably within the available limit. Mrs S was making payments to her account above the minimum required and her external credit commitments up to the month before the increase had remained reasonably stable. Therefore, I do not find I can say that Mrs S's data suggested she was struggling financially at this time and so I do not find I can say the increase shouldn't have been provided.

Fourth and fifth credit limit increases

Mrs S's credit limit was increased on two further occasions (to £3,350 in January 2023 and to £3,800 in March 2024) but as Mrs S's account details do not show her exceeding the £2,850 credit limit, I cannot say that the provision of this additional credit caused her any financial harm. Therefore, I haven't considered these two limit increases any further.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Mrs S has complained about, including whether its relationship with Mrs S might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NewDay lent irresponsibly to Mrs S or otherwise treated her 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.

No new information was provided in response to my provisional decision but Mrs S asked 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

As no new information was provided in response to my provisional decision, my conclusions haven't changed.

As I explained in my provisional decision, I think the checks carried out before the account was opened were proportionate. While I note these checks showed Mrs S to have a low disposable income to cover any unforeseen costs, noting what was included in the assessment, I do not find this was such that the account shouldn't have been opened.

Regarding the first three credit limit increases, I do not find that Mrs S account management leading up to the credit limit increases suggested she was struggling financially and the data gathered regarding her external credit commitments didn't raise any serious concerns.

Therefore, I do not find I have enough to say that these credit limit increases shouldn't have been applied. And based on the account details provided, Mrs S's account didn't exceed the £2,850 credit limit, so I haven't considered the final two limit increases any further.

So, for the reasons I set out in my provisional decision, and as noted above, I do not uphold this complaint.

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 Mrs S to accept or reject my decision before 7 July 2025.

Jane Archer
Ombudsman