

The complaint

Miss H complains NewDay Ltd trading as Fluid (“NewDay”) irresponsibly lent to her – she feels the checks weren’t proportionate and the amount of credit provided was too high.

What happened

In August 2022, Miss H applied for a credit card with NewDay. They provided her with an initial limit of £1,200.

The limit was increased a further three times – first in January 2023 to £2,050. In May 2023 it was increased again to £3,300 and finally it was increased to £4,300 in January 2025.

In May 2025 Miss H complained to NewDay. She said she believed the amount lent was irresponsible as she had multiple cards, two loans and other debt. She said she’s finding it hard to repay the debt and it’s caused her stress.

NewDay responded in the same month rejecting the complaint. They said when they provided her with the account, she’d confirmed a salary of £38,000, had no County Court Judgements (CCJs) and hadn’t incurred any overlimit or late payment fees. As a result, they deemed the first limit affordable.

They said they also completed a similar assessment at the point of each increase and as a result, they’re satisfied the account and the increases were provided responsibly and the assessments carried out were appropriate and proportionate.

Miss H was unhappy with the response, so the complaint was referred to our service. An Investigator here looked into things. They reached the same conclusions as NewDay – they found reasonable and proportionate checks were completed and a fair lending decision was made at each point in time.

Miss H responded disagreeing with the outcome. She felt some key points weren’t considered such as her wage wasn’t checked, she feels that using the available credit and repaying it quickly should show NewDay she was relying on credit, and she feels they’ve not taken accountability for the position she now finds herself in financially.

Because an agreement couldn’t be reached, 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 rules and regulations in place at the time NewDay provided Miss H with the credit card and subsequent increases required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.

The checks had to be 'borrower' focused. This means NewDay had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. In other words, it wasn't enough for NewDay to consider the likelihood of them getting the funds back or whether Miss H's circumstances met their lending criteria – they had to consider if Miss H could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether NewDay did what was needed before lending to Miss H.

Account opening

At the point of account opening NewDay used both the information collated from the Credit Reference Agencies (CRAs) and information declared from Miss H. This showed she was earning around £38,000 per year, approximately £2,500 per month and had around a 6% debt-to-income ratio. It showed she had a default 34 months previously, but had no payday lending and the other external accounts were up to date at this time.

I believe the checks NewDay carried out were proportionate, and considering the amount being provided to Miss H, and the information they gathered in these checks, I don't think they acted unfairly when providing Miss H with the credit card. I say this because it was for a relatively modest amount of £1,200, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Miss H to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

Limit increase one

As well as the previous factors I took into consideration when weighing up whether NewDay treating Miss H fairly, for the limit increases I'll also think about how Miss H managed the card prior to the increase. This is a good indicator of whether or not NewDay should've been on notice that a limit increase would've been affordable or not.

The CRA checks showed Miss H's external credit balances had increased slightly in the months between the account opening and the first limit increase, but the card was being managed very well. Initially, Miss H didn't appear to use the limit available to her, and she was making significant overpayments. There was also no new adverse information externally.

So based on this, I think the checks here were reasonable and proportionate, and there's nothing to suggest the decision to lend at the point of the second increase was unfair.

Limit increase two

Similar to the checks carried out for limit increase one, Miss H's financial position remained largely the same when looking at the CRA data NewDay collated at the time of limit increase two. There wasn't new external adverse data, and although her external debt had increased, it wasn't significant.

The card was being well managed internally and the income and expenditure figures used by NewDay demonstrated Miss H had ample disposable income to afford the new limit. I

appreciate Miss H's comments regarding NewDay not reaching out to her for specifics, however there was nothing in the account management or the external data that would've been potential indicators of financial difficulty, and therefore I think their checks here were reasonable and proportionate, and a fair decision to lend was made.

Limit increase three

Between June 2023 and August 2024 the account balance was zero – despite having an available balance of £3,300. Miss H didn't use the account at all. I appreciate Miss H has said the fact she paid it off in full then re-used it should've shown NewDay that she was in need of cash, but I can't agree here. I think that fact Miss H had such a large amount of credit available to her, yet didn't use it shows she wasn't in desperate need for cash. There's nothing available to NewDay that would suggest Miss H was in any kind of financial difficulty because the card wasn't being used.

That being said, in this time her external credit commitments had increased significantly, however there was no new adverse information externally, and when Miss H did start using the NewDay card again, she would make significant over payments, sometimes clearing the balance in full. This would demonstrate to NewDay that Miss H could repay the debt comfortably.

And so therefore it follows that I think NewDay's checks here were reasonable and proportionate, and a fair decision was made to lend.

Miss H has said in her submissions to our service that she believes NewDay aren't supporting her enough now she's in financial difficulty. I can see NewDay have frozen any spending on the card, which is a good first step.

Whilst I'm not upholding the complaint, I understand Miss H is currently experiencing financial difficulties. Given what NewDay is now aware of, I want to remind them of their obligations to exercise forbearance moving forward. And I would encourage Miss H to get in touch with NewDay about the difficulties she's facing.

I know this is likely to come as a disappointment to Miss H, and I'm sorry for the challenges she's facing. But I can't fairly say NewDay lent to her irresponsibly.

In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Miss H might have been unfair to Miss H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that NewDay did not lend irresponsibly when providing Miss H with the credit card, or by increasing her credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

It's my final decision that NewDay Ltd trading as Fluid didn't act unfairly when lending to Miss H, or by increasing her credit limit.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 17 July 2025.

Meg Raymond
Ombudsman