

## The complaint

Mr S complains that NewDay Ltd trading as Marbles lent irresponsibly when it approved his credit card application and later increased the credit limit.

## What happened

Mr S applied for a Marbles credit card in August 2015. In his application, Mr S said his income was £13,500 a year that Marbles calculated left him with £1,012 a month after deductions. Marbles applied monthly estimates of £506 for Mr S' housing and £409 for his general living expenses to the application. A credit search found Mr S had no outstanding debts at the time of his application and no adverse credit, defaults or recent missed payments were noted. Marbles completed an affordability assessment and found Mr S had an estimated disposable income of £63 a month after covering his outgoings. Marbles approved Mr S' application and issued a credit card with a £600 limit.

Marbles went on to increase the credit limit over time as follows:

Event	Date	Limit
App	Aug-15	£600
CLI1	Nov-15	£1,500
CLI2	Mar-16	£2,700
CLI3	Aug-16	£4,150
CLI4	Jul-18	£5,650

Last year, representatives acting on Mr S' behalf complained that Marbles lent irresponsibly and it issued a final response. Marbles said it had carried out the relevant lending checks before approving Mr S' application and increasing the credit limit and didn't agree it lent irresponsibly.

An investigator at this service upheld Mr S' complaint. They thought that the estimated disposable income figure of £63 a month that Marbles reached when assessing Mr S' application should've shown he wasn't in a position to sustainably afford a new credit card and led it to decline to proceed. Marbles didn't agree and said Mr S' credit card use was low, demonstrating it was affordable for him. Marbles added that if Mr S made repayments of 2.5 times the monthly interest due on a balance of £600 he'd still have £41 remaining each month. As Marbles didn't accept the investigator's view of Mr S' complaint it's been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Marbles had to complete reasonable and proportionate checks to ensure Mr S could afford to repay the debt in a

sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Marbles obtained and considered when assessing Mr S' application above. I can see no other credit was found by Marbles in Mr S' name and there was no evidence of adverse information on his credit file. But Mr S' income was modest at £1,012 a month and after taking reasonable estimates for his outgoings into account, Marbles found he only had a disposable income of £63. I can see that Marbles' response to the investigator advised that after covering his credit card payment Mr S would've been left with around £41 a month. But I'm not persuaded that's a reasonable level of disposable income in terms of Mr S' ability to meet any unforeseen or emergency expenses that may've arisen. So whilst I note Marbles' response, I'm haven't been persuaded that a disposable income of £63 a month was a reasonable basis to approve Mr S' application on.

In response to the investigator's findings, Marbles pointed out that Mr S' initial credit card use was low and that his account was well handled. I accept that is the case. But, looking at how the lending relationship developed, I note there's no evidence of any affordability checks being completed before the first three credit limit increases. No estimated disposable income figures were noted no "likelihood affordable" scores were provided. So it's difficult to argue reasonable and proportionate lending check were completed by Marbles.

Further, whilst Mr S' Marbles account wasn't subject to regular overlimit or late fees, as time went on the lending data provided shows his other unsecured debts increased substantially. By the time of the final credit limit increase, Mr S owed around £2,000 on his Marbles credit card but a further £15,000 in other unsecured debt. In my view, the level of unsecured debt Mr S accrued, in addition to his Marbles credit card balance, adds additional weight to the view it lent irresponsibly.

Having considered the available information, I'm satisfied that the information Marbles obtained about Mr S should've led it to take the view that he was unlikely to be able to sustainably afford a new credit card and led it to decline to lend. As I'm satisfied Marbles lent irresponsibly I'm upholding Mr S' complaint and directing it to refund all interest, fees and charged applied from the date of approval.

I've considered whether the business 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 have directed below results in fair compensation for Mr S in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

## **My final decision**

My decision is that I uphold Mr S' complaint and direct NewDay Ltd trading as Marbles to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be refunded to Mr S along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. NewDay should also remove all adverse information regarding this account from Mr S credit file.
- Or, if after the rework there is still an outstanding balance, NewDay should arrange an affordable repayment plan with Mr S for the remaining amount. Once Mr S has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

\*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Mr S 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.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 August 2025.

Marco Manente  
**Ombudsman**