

The complaint

Miss H complains that NewDay Ltd trading as Aqua lent irresponsibly when it approved her credit card application and later increased the credit limit.

What happened

Miss H applied for an Aqua credit card in February 2019. In her application, Miss H said she was employed with an annual income of £12,989 that Aqua calculated left her with £974 a month after deductions. A credit search was completed that showed Miss H had no adverse credit, defaults or missed payments and no outstanding debts. Aqua applied estimates for Miss H's housing costs and general living expenses totalling £600 a month to its affordability assessment. Aqua says Miss H had an estimated disposable income of £373 a month after covering her existing outgoings. Aqua approved Miss H's application and issued a credit card with a £250 limit.

Miss H used her credit card and in July 2019 Aqua increased the credit limit to £1,000. Before increasing the credit limit, Aqua used a service provided by the credit reference agencies to get a picture of Miss H's monthly income that returned a figure of £1,329. Aqua checked Miss H's credit file and found she had other debts totalling £7. No new adverse credit, defaults or missed payments were found on Miss H's credit file. A new affordability assessment was completed that reached the conclusion Miss H had an estimated disposable income of £712 a month after covering her existing outgoings. Aqua approved the credit limit increase to £1,000.

More recently, Miss H complained that Aqua lent irresponsibly and it issued a final response. Aqua said it had carried out the relevant lending checks before approving Miss H's application and increasing the credit limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss H's complaint. They thought Aqua had completed proportionate lending checks before approving Miss H's application and later increasing the credit limit and that its decision to lend was reasonable based on the information it obtained. The investigator wasn't persuaded Aqua lent irresponsibly.

Miss H asked to appeal and said she was young when the credit card was opened and limit increased. Miss H also told us she was diagnosed with an anxiety disorder in 2019 and was already navigating serious challenges to her mental health. As Miss H asked to appeal, her complaint has 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 Aqua had to complete reasonable and proportionate checks to ensure Miss H 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 Miss H submitted in her application and details Aqua used when considering whether to lend above. I can see Miss H confirmed her income as £12,989 a year. Aqua checked Miss H's credit file and found no evidence of existing debts, adverse credit or arrears. The affordability assessment used estimates for Miss H's regular outgoings – an approach it's allowed to take under the relevant lending rules. And When Aqua applied its lending criteria it calculated Miss H had a reasonable disposable income of £373 a month after covering her existing outgoings. I also think it's reasonable to note the initial credit limit of £250 was low which reduced the risk of financial harm.

Taking all the above information into account, I think Aqua obtained a reasonable level of information about Miss H before it approved her application. In my view, the nature and level of checks completed were reasonable and proportionate to the amount and type of credit Aqua went on to approve and showed Miss T could sustainably afford repayments. And I'm satisfied the decision to approve Miss H's application was reasonable based on the information Aqua obtained. I'm sorry to disappoint Miss H but I haven't been persuaded that Aqua lent irresponsibly when it approved her application in February 2019.

Aqua carried out a similar set of checks before increasing the credit limit to £1,000 in July 2019. Aqua used a service provided by the credit reference agencies to get a picture of Miss H's income which returned a figure of £1,329 a month. A new credit search found Miss H owed £7 to other lenders so her financial position appears to have been stable at the time. No new adverse credit, defaults or missed payments were recorded on Miss H's credit file. And Aqua carried out another affordability assessment using similar outgoings to the application. Ultimately, that returned an estimated disposable income figure of £712 a month after covering Miss H's existing outgoings. In my view, that figure was enough to sustainably afford repayments to an increased credit limit of £1,000. Overall, I'm satisfied that Aqua carried out reasonable and proportionate checks before approving the credit limit increase to £1,000. And I'm satisfied the decision to increase Miss H's credit limit was reasonable based on the information Aqua obtained. I'm sorry to disappoint Miss H but I haven't been persuaded that Aqua lent irresponsibly.

In response to the investigator, Miss H made the point she was young at the point of application. But I think it's fair to note Miss H was over the minimum age allowed for applicants for an Aqua credit card and an adult at the time. Miss H also told us that she started to struggle with anxiety in 2019, around the time she took out the credit card. I'm sorry to hear about Miss H's difficulties and don't doubt how they've impacted her. But I need to consider whether that was something Aqua would've been aware of when Miss H applied. And there's nothing in the application that would've told Aqua about Miss H's mental health so I'm unable to agree it acted unfairly when deciding whether to lend. I'm sorry to disappoint Miss H but I haven't found evidence that shows Aqua treated her unfairly.

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, for the reasons I've already given, I don't think Aqualent irresponsibly to Miss H or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 26 September 2025.

Marco Manente
Ombudsman