

The complaint

Mr M complains that NewDay Ltd trading as Fluid have irresponsibly lent to him.

Mr M is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr M himself.

What happened

Mr M was approved for a Fluid credit card, in June 2021 with a £900 credit limit. The credit limit was increased to £1,900 in October 2021, and the credit limit was increased for the final time in April 2022 to £2,550.

Mr M says that Fluid irresponsibly lent to him. Mr M made a complaint to Fluid, who did not uphold his complaint. They said their affordability assessments were proportionate and affordable. Mr M brought his complaint to our service. Our investigator did not uphold Mr M's complaint. He said that Fluid's checks were proportionate, and they made fair lending decisions.

Mr M asked for an ombudsman to review his complaint. He made a number of points. In summary, he said Fluid did not verify his income, there was a missed payment prior to the first credit limit increase, and he had a cash advance prior to the second credit limit increase.

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 approve or increase the credit available to Mr M, Fluid needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Fluid have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Fluid card

I've looked at what checks Fluid said they did when initially approving Mr M's application. I'll address the credit limit increases later on. Fluid said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mr M had provided before approving his application.

The information shows that Mr M had declared a gross annual income of £67,500. The CRA Fluid used reported Mr M had not defaulted on any credit agreements or had any County Court Judgements (CCJ's).

Mr M was also showing as having a debt to income ratio of 22.6%, which would have

equated to active unsecured debt of around £15,255. The data from a CRA showed Mr M was not currently in arrears on any active accounts, and he hadn't been in arrears on any active accounts in the previous six months. The £900 credit limit would have equated to 1.3% of Mr M's declared gross annual income.

I've considered what Mr M has said about Fluid not verifying his income. But I'm not persuaded that this would be proportionate here. Mr M has not said the income he declared was incorrect, therefore, as there was no adverse information being reported by the CRA that Fluid used, and Fluid completed an affordability assessment using information from Mr M, a CRA (for his credit commitments), and modelling, which showed Mr M had enough disposable income to be able to sustainably afford repayments for a £900 credit limit, then further checks would not be proportionate here.

So I'm satisfied that the checks Fluid carried out here, prior to approving the initial £900 credit limit were proportionate and that Fluid made a fair lending decision to approve Mr M's application for the Fluid account.

October 2021 credit limit increase - £900 to £1,900

I've looked at the information available to Fluid when they increased Mr M's credit limit as part of this lending decision. One of the CRA's Fluid used reported that Mr M's unsecured debt was £14,744. And he had not been in arrears on any external account since his Fluid account had been opened. So it would appear that not only was Mr M able to service his existing debt, but he was also able to reduce his outstanding balance.

Fluid would also be able to see how Mr M managed his account since it had been opened. Mr M incurred one late fee which could be a sign of financial difficulty. But it also could be an oversight from Mr M. Here, it appears to be an oversight. I say this because in the month Mr M incurred the late payment fee, he did make a payment in the same month. The payment he made was over eight times the minimum requested repayment, therefore if Mr M was having financial difficulties here, I'm not persuaded he would have been able to make a repayment which was over £50 more than his requested minimum repayment.

Mr M incurred no overlimit or cash advance fees prior to the credit limit increase. Fluid completed another affordability assessment. While they did not verify Mr M's income, I note they used Current Account Turnover (CATO), which is an industry standard way of assessing income. The affordability assessment showed that Mr M would be able to sustainably afford repayments for a £1,900 credit limit. But even if I used the lower income which Mr M declared only four months earlier, then repayments for this credit limit would also appear affordable and sustainable for Mr M.

April 2022 credit limit increase - £1,900 to £2,550

Mr M's active unsecured debt totalled £12,853 at the time of the checks for this lending decision. So Mr M had been able to reduce his overall active debt by nearly £2,000 since the last lending decision. The CRA's reported that Mr M was not in arrears on any of his active external accounts, and he hadn't been in arrears on his active accounts since the last lending decision checks.

Fluid would also be able to see how Mr M managed his account since the last lending decision checks. Mr M incurred no overlimit, or late fees, prior to the credit limit increase. Mr M did incur a cash advance fee, and while making transactions which incur a cash advance fee could be a sign of financial difficulty, and it could be a more expensive way to borrow, I need to be mindful that it is a legitimate feature of the account for Mr M to use.

This was the only transaction Mr M made since the account opening which incurred a cash advance fee. Mr M made total repayments to his Fluid account in the two months prior to this credit limit increase of £1,807.69 and £108.44, so with the reduction of his overall active unsecured debt since the last lending decision, his recent payments being a lot more than his requested minimum repayment, and no adverse information showing on Mr M's credit file since the last lending decision, I'm not persuaded it would have been proportionate for Fluid to have completed any further checks here.

So I'm persuaded that Fluid's checks were proportionate, and they made a fair lending decision here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Fluid lent irresponsibly to Mr M or otherwise treated him 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 October 2025.

Gregory Sloanes
Ombudsman