

Complaint

Miss T has complained about a credit card and subsequent limit increases that NewDay Ltd (trading as “Marbles”) provided to her. She says that the credit card as well as the limit increases were irresponsibly provided.

Background

Marbles initially provided Miss T with a credit card, which had a limit of £300, in January 2018. The limit was subsequently increased to £1,200.00 in June 2018, £2,600.00 in October 2018 and finally £3,450.00 in March 2023.

One of our investigators reviewed what Miss T and Marbles had told us. And she hadn’t seen enough to be persuaded that proportionate checks would have shown Marbles that it shouldn’t have provided the credit card or subsequent credit limit increases. So she didn’t recommend that the complaint be upheld.

Miss T disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss T’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Miss T’s complaint. I’d like to explain why in a little more detail.

Bearing in mind Miss T’s response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower’s ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator’s rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to an agreement was affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

Marbles says it initially agreed to Miss T's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss T would be able to make the low monthly repayments due for this credit card. Due to Miss T's account being relatively well managed and the information on the credit checks it carried out, Miss T was then subsequently offered her credit limit increases.

On the other hand, Miss T says that the credit card and limit increases were unaffordable and so she shouldn't have been lent to.

I've considered what the parties have said.

What's important to note is that Miss T was provided with a revolving credit facility rather than a loan. This means that to start with Marbles was required to understand whether a credit limit of £300 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £300 required low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information Marbles obtained from Miss T about her income and what was on the credit search carried out. Marbles says that Miss T declared receiving an annual salary of £23,000.00. Marbles' credit search also appears to show that Miss T didn't have any significant adverse information recorded against her at the time either. For example, I can't see any defaulted accounts or county court judgments recorded.

Bearing in mind what the credit checks showed and there wasn't anything in the information gathered that appears to have been inconsistent or difficult to explain, I'm satisfied that Marbles didn't act unfairly when accepting Miss T's application. This is particularly in light of the low monthly repayments that would be required to repay £300 within a reasonable period of time.

As this is the case, I'm satisfied that the checks carried out before Miss T was initially provided with her credit card were reasonable and proportionate and Marbles didn't act unfairly when agreeing to open a credit card for Miss T.

As I've explained in the background section of this decision, Marbles increased Miss T's credit limit on three occasions until it eventually reached £3,450.00 in March 2023. The first of these limit increases was relatively modest – it only increased Miss T's credit limit to a total amount of £1,200.00.

So I wouldn't have expected Marbles to have done too much more for this increase than it did when determining whether to initially provide the account. Furthermore, I can't see that any significant adverse information was recorded against Miss T in the six-month or so period since she was initially given the card either.

As this is the case, I'm satisfied that the checks carried out before the first limit increase were reasonable and proportionate.

The second limit increase saw Miss T's credit limit being increased to an amount that was more than double her existing limit. It was also almost eight times the amount Marbles was initially prepared to lend Miss T when the account was opened only nine-months earlier. In these circumstances, I would have expected Marbles to have found out more about Miss T's income and expenditure (particularly about her regular living expenses) before providing this credit limit increase.

As Marbles has been unable to evidence having done this in this instance or for the later increase, I don't think that the checks it carried out before it increased Miss T's credit limit in October 2018, or March 2023, were reasonable and proportionate.

As previously explained, given the circumstances, I would have expected Marbles to have had a reasonable understanding about Miss T's regular living expenses as well as her income and existing credit commitments before providing second and third limit increases.

I've considered the information Miss T has provided on her circumstances at the respective times and I don't think that Marbles attempting to find out further information about Miss T's actual living costs, rather than relying on assumptions like it did, would have made a difference here.

I say this because I've not seen anything that shows me that Miss T's committed regular living expenses, other non-discretionary expenditure and her existing credit commitments meant that she did not have the funds to make sustainable repayments to the combination of balances that could have been owed, as a result of having these limit increases, at the time that the credit was offered.

I say this in the knowledge that Miss T's bank account did have payments being made to debt collectors from it. It's possible – but by no means certain – that if Marbles had known this, as a result of reviewing the bank statements Miss T has provided, it may have made a different decision on whether to provide these credit limit increases to Miss T. However, Marbles' credit checks didn't indicate that Miss T had any recent defaulted accounts in her name. So I don't think that it could reasonably be expected to know about this – particularly as it wasn't required to obtain bank statements before increasing Miss T's credit limit.

In reaching my conclusions, I've noted that Miss T has queried how it is possible for us not to uphold her complaint in circumstances where Marbles' parent company has already upheld a separate complaint about another credit card which it provided under a different brand. I can understand why Miss T might find it strange that she's received a different outcome on this complaint which she perceives to be materially the same.

But it's important for me to explain that we consider complaints on an individual basis and looking at the individual circumstances. As I've already explained, what will constitute a proportionate check will very much depend on the particular circumstances of the individual application. A proportionate check, even for the same customer, could look different for different applications.

Furthermore, I'm not bound by the outcomes reached on different cases. This is particularly where the respondent firm itself upheld decided to uphold the complaint and therefore that case did not reach an investigator, or an ombudsman. Ultimately, I'm required to consider the facts of a case and reach my own conclusion on what's fair and reasonable in all the circumstances.

So the outcome Miss T has referred to receiving on her other credit card complaint cannot and does not bind me into reaching the same conclusion on this case. That said, with a view to providing some clarity and reassurance to Miss T, it might help for me to explain that irrespective of the level of checks that Marbles did carry out here, I'm satisfied that the card and the credit limit increases, as a matter of fact, appear to have been affordable for her.

For the sake of completeness, I think it's also worth me stating as Miss T's complaint about her other credit card has been upheld, the compensation she's received has effectively placed her in the position she would be had she not been provided with that card in the first place.

As this correction has been made and that is effectively the position that Miss T is now in, it would not be fair and reasonable for me to now 'double count' this, by considering whether she could afford to repay this credit card within a reasonable period of time, as well as make payments to the other credit card she's already been placed in the position of not having.

To do so would seek to place Miss T in the position she would be in had she not been provided with any credit, because Miss T was in a position where she couldn't afford to make any repayments to credit at all. For the reasons I've explained, particularly in light of the information Miss T has herself provided, I don't think that this is the position that this was the position that Miss T was actually in, let alone what proportionate checks is likely to have shown Marbles.

So Miss T's arguments regarding her other credit card complaint being upheld do not persuade me that this complaint should also be upheld.

Overall and having carefully considered everything and while I appreciate that this will disappoint Miss T, I've not been persuaded that proportionate checks would have shown that Marbles that it shouldn't have provided the second and third credit limit increases to Miss T.

Furthermore, as Marbles didn't offer the final credit limit until two years or so after Miss T had asked for assistance during the pandemic and in circumstances where the information provided indicates that it was affordable, I don't think that Marbles offered it in circumstances where it ought reasonably to have realised that it may have been unsustainable or otherwise harmful for her either.

In reaching my conclusions, I've also considered whether the lending relationship between Marbles and Miss T might have been unfair to Miss T under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Marbles irresponsibly lent to Miss T or otherwise treated her unfairly. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, while I can understand Miss T's sentiments and appreciate why she is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Miss T. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 4 August 2025.

Jeshen Narayanan
Ombudsman