

The complaint

Mr S complains NewDay Ltd trading as Fluid (NewDay) failed to carry out suitable financial checks before it approved a credit card account for him.

What happened

Mr S says NewDay approved a credit card account for him in February 2024 with a credit limit of £2,000. Mr S says at that time he was already heavily indebted, with car finance and store cards at their limits and had missed payments recorded on his credit file.

Mr S feels NewDay didn't carry out robust enough financial checks and never asked for his bank statements at the time, which would have shown the borrowing was unaffordable. Mr S wants NewDay to refund all interest and charges on his account along with 8% simple interest and remove any negative information on his credit file.

NewDay says it's a responsible lender who prides itself in helping customers move forward with credit, meaning it provides credit to customers with perhaps a less than perfect credit record.

NewDay says before the credit limit was approved it carried out an affordability assessment using information contained in Mr S's application and data from the credit reference agencies (CRA's). NewDay says this data showed Mr S's declared income was £23,700 per annum, with no defaults, CCJ's or reportable arrangements on his credit file. NewDay says its affordability modelling showed he had sufficient disposable income to afford the new borrowing. NewDay says the checks it carried out were appropriate and proportionate.

Mr S wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there were no set list of checks lenders like NewDay must undertake but these should be borrower focused. The investigator says the CRA checks revealed there were no defaults or county court judgements and Mr S had managed his existing commitments well.

The investigator says NewDay carried out an income and expenditure assessment showing a net monthly income of around £1,715, and after all essential expenditure and existing credit commitments, this left Mr S with a net disposable income (NDI) of £825 per month.

The investigator felt this amount was more than sufficient to meet the cost of the new borrowing NewDay approved.

The investigator felt the checks NewDay carried out were reasonable and proportionate and the credit limit it approved, seemed affordable and sustainable at the time.

Mr S didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear that Mr S is experiencing financial difficulties and that must be a source of worry to him. When looking at this complaint I will consider if NewDay failed to carry out reasonable and proportionate financial checks before it approved a credit card account for Mr S in February 2024.

Mr S's complaint centres around the fact he believes NewDay didn't carry out appropriate financial checks before it approved a credit card account for him, with a credit limit of £2,000. Mr S feels NewDay should have requested more information from him, for example bank statements which would have shown he was already financially fully committed.

While I understand the points Mr S makes here, I'm not fully persuaded by his argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like NewDay must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell NewDay what those checks must consist of, or from what sources those checks should come from.

Here, from the information I have seen NewDay carried out checks using data provided by established CRA's and information declared by Mr S on his credit card application. From this information I can see NewDay established Mr S's net monthly income was around £1,715 and the data on which it relied on, showed after all essential expenditure and committed finance costs this left Mr S with a NDI of £825 per month to meet any new borrowing costs.

From the CRA's data extract I have seen, there is no evidence of any defaults, missed payments, active payday loans or any obvious financial pressure at the time Mr S applied for the new credit card. From the information provided I can see that around half of the credit facility NewDay approved, was used by Mr S as a balance transfer to presumably reduce debt elsewhere, suggesting his net debt increase overall, was in all likelihood around £1,000.

While Mr S feels NewDay should have asked for more financial information at the time, like the bank statements he has provided, I am satisfied that isn't something I would expect NewDay to ask for, based on the checks it had already carried out. Afterall, I wouldn't expect NewDay in these circumstances and for this level of borrowing, for it to carry out the same level of financial due diligence one might expect to see, for say a larger long term committed loan.

Taking everything into account here, given NewDay had carried out affordability modelling from CRA data, showing a healthy disposable income and no obvious signs of financial pressure, I'm satisfied that was a reasonable and proportionate level of checks for it to have undertaken, before it approved the credit card limit of £2,000 - for the reasons I have already explained.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Mr S has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I

have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr S will be disappointed with my decision, I won't be asking anymore of NewDay.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 September 2025.

Barry White
Ombudsman