

## **The complaint**

Ms N complains NewDay Ltd trading as Debenhams (“NewDay”) irresponsibly lent to her.

## **What happened**

In November 2017 Ms N applied for a credit card with NewDay in store. The application was accepted and she was provided with an initial limit of £500.

The credit limit was increased on four occasions:

- £4,000 in December 2017
- £6,000 in April 2023
- £8,000 in August 2023
- £9,000 in January 2024

Ms N complained to NewDay in February 2025. She said NewDay continued to increase her limit which has resulted in her being in persistent debt. She feels the lending was irresponsible.

NewDay responded in the same month rejecting the complaint. They said they were satisfied the lending was responsible. There were no indicators of financial difficulty such as payday lending or missed repayments on the account.

In March 2025 Ms N referred her complaint to our service. An Investigator here looked into things. They felt the checks weren’t proportionate since account opening because there was a recent missed payment on a mortgage. They looked at Ms N’s current account statements to piece together what an income and expenditure would’ve looked like at the time had NewDay completed one.

Having done that, the Investigator felt the lending shouldn’t have been provided to Ms N. They felt she had negative disposable income to be able to repay the credit card.

Ms N accepted the outcome – but NewDay didn’t. They said the data didn’t in fact show Ms N had a missed payment on her mortgage and cash withdrawals alone aren’t an indicator of financial difficulty.

Because an agreement couldn’t be reached, the complaint was been passed to me to decide. I previously issued a provisional decision that said the following:

*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’ve reached a slightly different outcome to the Investigator.*

*The rules and regulations in place at the time NewDay provided Ms N with the credit card and subsequent increases required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.*

*The checks had to be 'borrower' focused. This means NewDay had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Ms N. In other words, it wasn't enough for NewDay to consider the likelihood of them getting the funds back or whether Ms N's circumstances met their lending criteria – they had to consider if Ms N could sustainably repay the lending being provided to her.*

*Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether NewDay did what was needed before lending to Ms N.*

*What's important to note for me throughout this, is that Miss K was provided with a revolving credit facility rather than a loan. This means that NewDay were required to understand whether a credit limit of £500 (and all the increased amounts) could be repaid within a reasonable period of time, rather than all in one go.*

#### Account opening - £500

*When Ms N applied for a card in November 2017, NewDay gathered information regarding her financial circumstances. It recorded that Ms N was earning a salary of around £950 per month and had no outstanding debt. Ms N had no defaults at the time of application. This was collated using the information Ms N declared at application, and an external credit check.*

*I believe the checks NewDay carried out were proportionate, and considering the amount being provided to Ms N, and the information they gathered in these checks, I don't think they acted unfairly when providing Ms N with the credit card. I say this because it was for a modest amount of £500, and there were no signs of financial difficulty in the past. It wouldn't be a significant cost for Ms N to repay this credit in a reasonable period of time based on her salary and existing credit commitments.*

*I also must comment that the interpretation of the data around a missed mortgage payment was incorrect, as confirmed by NewDay. Ms N hadn't missed a mortgage payment at this time and therefore there was nothing further I would've expected NewDay to do.*

#### Limit increase one - £4,000 (December 2017)

*For the first limit increase, which was just one month after account opening, I think NewDay ought to have done more to check if the credit was affordable for Ms N. I think they should've gathered more information about her essential expenditure and income.*

*Ms N has provided her statements from the time, so I've been able to piece together what this may have looked like had NewDay done it at the time. Having done that, considering Ms N had no other external debt at the time apart from her overdraft, I can't see any payments towards rent, there's one standing order for £200 each month, £10 to a mobile phone provider and around £50 to a leisure centre, I think NewDay would've found this credit limit affordable for Ms N.*

*So while I don't agree their checks were proportionate here, I think, based on the evidence submitted, the lending was fair.*

#### Limit increase two - £6,000 (April 2023)

*At the second increase, quite a significant amount of time had passed between account opening and the first increase. In this time, Ms N was making significant overpayments to the credit card. By this I mean, each month, Ms N was required to make a minimum payment towards the balance, and she was making much more than was required of her. For example, in some months Ms N's minimum repayment amount was £7, but she was paying £100. It would be difficult for me to conclude that NewDay ought to have been aware she was struggling financially.*

*In addition to this, Ms N was barely using the limit. Between September 2020 and July 2022 the card had a zero balance – Ms N hadn't used the card in nearly two years, which again, doesn't demonstrate to NewDay that she was struggling.*

*To conclude, I believe the checks were proportionate and a fair decision to lend was made.*

#### *Limit increased three - £8,000 (September 2023)*

*It's around this time where Ms N's external debt started to increase – balances of around £4,000 and she received one late fee in August 2023. However, on the whole, Ms N's card was well managed as was the external debt. So I don't think NewDay needed to do more here and a fair decision to lend was made.*

#### *Limit increase four - £9,000 (January 2024)*

*When the limit was increased to £9,000 Ms N's external debt had increased significantly, and it had been some time since NewDay had reached out to get a picture of her financial circumstances. So while the card was still being managed well and there was no adverse on Ms N's credit file, I think NewDay could've conducted more checks to find out how Ms N was getting on.*

*Because I think the checks weren't proportionate, I've obtained Ms N's current account statements from the time to piece together what proportionate checks – predominantly a full income and expenditure – might have shown NewDay at the time.*

*Having done so, I think NewDay still would've lent to Ms N. She was still making overpayments to the card, and having looked at the current account statements from the time, Ms N had disposable income to meet these repayments. Ms N did occasionally use her overdraft, but in a way that's intended – for short-term, emergency use. There weren't any obvious signs of financial difficulty.*

*I've asked Ms N for additional current account statements, because I can't see payments to many other debtors on the statements provided. So, based on the statements I've been provided, I can't say NewDay made an unfair decision to lend.*

*I accept Ms N's financial position may have been worse than reflected in the credit file obtained by NewDay, but I need to consider what NewDay ought reasonably to have been aware of, and what they had access to was debt being well managed, including the card Ms N held with them.*

*I know it'll come as a disappointment to Ms N, but I'm not currently minded to uphold this complaint.*

*In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Ms N might have been unfair to Ms N under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that NewDay did not lend irresponsibly when providing Ms N with the credit card, or by increasing her*

*credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.*

*So while it'll likely come as a disappointment to Ms N, I won't be upholding her complaint against NewDay for the reasons explained above.*

### **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.

NewDay didn't respond to the provisional decision, but Ms N's representative responded on her behalf in great detail. It's very clear to me just how important this matter is for them. They've set out their position in great detail and has provided lots of supporting information. I think it's important I explain that whilst I have read and considered all the information provided by both parties, I've outlined my findings in considerably less detail. I don't mean any discourtesy by this, rather this reflects the informal nature of our service.

It's also clear to see how difficult this has been for both Ms N and her representative and I'm sorry to hear of this. Ms N was borrowing money from family to make overpayments to the NewDay account – I'm not disputing that's the case. But I have to consider what NewDay would've seen at the time of the lending.

And as I mentioned in my provisional decision, when someone is making significant overpayments, and their other external lines of credit also appeared to be well managed, it's difficult for me to say they've acted unfairly. I've reviewed all the information provided, and I accept Ms N's financial position was far worse than reflected in the CRA data, but NewDay weren't to know that. And even looking at the current account statements for Ms N showed a consistent income, with generally a healthy balance with occasional overdraft usage.

I know this is likely to come as a huge disappointment to Ms N, but I've not seen anything that changes my provisional decision. And so it stands that I do not uphold her complaint against NewDay.

### **My final decision**

It's my final decision that NewDay Ltd trading as Debenhams didn't treat Ms N unfairly when lending to her, or by increasing her credit limit on multiple occasions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 14 October 2025.

Meg Raymond  
**Ombudsman**