

The complaint

Mr D complains that NewDay Ltd lent irresponsibly when it approved three credit card applications he made and also increased the credit limit.

What happened

Mr D applied for a Fluid credit card with NewDay in September 2022. In his application, Mr D said he was employed with an annual income of £19,000 that NewDay calculated left him with £1,433 after deductions. NewDay applied an estimate for Mr D's regular living expenses of £427 a month to the application. NewDay also carried out a credit search. No adverse credit, defaults, payday loans or recent missed payments were noted on Mr D's credit file. The credit file showed Mr D owed around £100 in other unsecured debt at the time. NewDay applied its lending criteria and says Mr D had an estimated disposable income of £1,002 a month after covering his existing outgoings. NewDay approved Mr D's Fluid application and issued a credit card with a £900 limit.

Mr D used the Fluid credit card and in November 2023 the credit limit was increased to £1,100 by NewDay.

Mr D applied for an Aqua credit card with NewDay in September 2023. In this application, Mr D said his annual income was £26,500 that NewDay calculated left him with £1,883 a month. An estimate of £445 a month was used for Mr D's regular living expenses and another credit search was completed that found he now owed around £19,000 in unsecured debt with monthly repayments of £559. No adverse credit, defaults, payday loans or recent missed payments were found on Mr D's credit file. Aqua applied its lending criteria and says Mr D had an estimated disposable income of £878 a month after covering his existing outgoings. NewDay approved Mr D's Aqua application and issued a credit card with a £600 limit. There were no credit limit increases.

A Marbles credit card application was made by Mr D in December 2024. In his application, Mr D said he was earning £30,000 that NewDay says left him with £2,093 a month. A cost of living deduction of £697 and rent of £50 a month were used the NewDay's affordability assessment. A new credit search found Mr D was making monthly repayments of £697 towards unsecured debts totalling £18,000. No new defaults, adverse credit recent or recent missed payments were noted in the credit file information. NewDay approved Mr D's application and issued a Marbles credit card with a £1,200 limit.

Last year, Mr D complained that NewDay lent irresponsibly and it issued a final response. NewDay said it had carried out the relevant checks before deciding whether to lend to Mr D and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr D's complaint. They thought the decisions to approve Mr D's Fluid and Aqua applications were reasonable based on the information NewDay obtained and weren't persuaded it lent irresponsibly. The investigator asked Mr D to provide bank statements covering the months before the Fluid credit limit increase. Mr D was able to provide one set of bank statements but they didn't show his income being paid or regular outgoings. The investigator explained that, based on the information available,

they weren't able to reach the conclusion NewDay lent irresponsibly when it approved the Fluid credit limit increase.

The investigator upheld Mr D's complaint about his Marbles' credit card as they felt that the information already available to NewDay showed he wasn't in a position to sustainably afford new borrowing. The investigator asked NewDay to refund all interest, fees and charges applied to the Marbles account from the date of approval.

NewDay didn't initially respond to the investigator's view of Mr D's complaint. After a month without comment from NewDay the investigator contacted both parties to confirm Mr D's case would be appealed to an ombudsman due to the lack of response. On 23 July 2025 NewDay contacted the investigator to ask for more time to respond but didn't give a specific timeframe. Whilst another week has passed, no response has been received.

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.

It has now been almost eight weeks since the investigator issued the view of Mr D's complaint. I understand NewDay recently contacted us to say it intended to respond. But no further comment has been received and I'm not persuaded it's fair to leave Mr D's case outstanding as we're obliged to progress it efficiently. As a result, I've taken the step of issuing my decision to avoid further delays.

Before agreeing to lend or increasing the credit limit, the rules say NewDay had to complete reasonable and proportionate checks to ensure Mr D 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 that NewDay used when considering Mr D's Fluid application above. I can see that a credit search found Mr D had very little other unsecured debt and no adverse information or recent missed payments recorded. And NewDay applied a cost of living estimate of £427 a month to the application. I would normally expect to see an allowance for Mr D's housing costs in NewDay's affordability assessment, but there is none showing here. With that said, I can see that after NewDay completed its affordability assessment it found Mr D had an estimated disposable income of £1,002 a month after meeting his existing outgoings. I'm satisfied that would've left Mr D some room to cover rent in addition to his remaining outgoings as well as a new credit card with a £900 limit. In my view, the level and nature of checks completed by NewDay were reasonable and proportionate to the credit card with a £900 limit it went on to approve. And I'm satisfied the decision to approve Mr D's Fluid application was reasonable on the basis of the information

NewDay obtained. I haven't been persuaded NewDay lent irresponsibly when it approves Mr D's Fluid application.

Mr D applied for the Aqua credit card around a year later, in September 2023. In this application, Mr D's income had increased. A new credit search showed Mr D's other debts had increased to around £19,000. But I think it's fair to note a reasonable portion of the new debt related to a hire purchase agreement. And the credit file information NewDay obtained showed Mr D's commitments were up to date. Another affordability assessment was completed that reached the view Mr D had around £878 a month after covering his existing outgoings. Again, I think it's reasonable to note that no rent figure was included in that assessment. But I think Mr D's remaining disposable income would've been sufficient to cover his housing costs and a new credit card with a limit of £600. Overall, I'm satisfied the nature of the checks were proportionate to the new Aqua credit card and the decision to proceed was reasonable based on the information NewDay obtained. I haven't been persuaded that NewDay lent irresponsibly when it approved the Aqua application in September 2023.

NewDay increased the Fluid credit limit to £1,100 in November 2023. I think it's reasonable to note Mr D had several cash advance and an overlimit fee in the preceding months. I also note that no rent figure was included in the affordability data. In the circumstances, I think NewDay should've considered a more detailed set of lending checks would've been appropriate. I'd have liked to see all of Mr D's bank statements for the three months before the Fluid credit limit increase in November 2023. Mr D's provided copies of bank statements for one of his accounts. But those statements don't show Mr D's income or many of his regular outgoings are don't give enough detail for me to reasonably say what his circumstances were overall. So I've relied on the available lending data.

The information from NewDay shows Mr D's other debts remained up to date and that no new adverse credit was found. I also think it's fair to note the credit limit increase was modest at £200 taking it to £900 on Mr D's Fluid card. In the absence of further information, I'm satisfied the decision to increase Mr D's credit limit to £1,100 in November 2023 was reasonable and haven't found evidence that shows NewDay lent irresponsibly.

By the time Mr D applied for the Marbles account in December 2024 it appears his circumstances had changed. I can see Mr D gave a higher income and Marbles carried out a new affordability assessment. But I think NewDay should've taken into account that Mr D had recently used his existing Fluid credit card for significant levels of cash advances and money transfers. Those are expensive ways to borrow money and often indicate the borrower is experiencing financial difficulties. Mr D had also told NewDay he was experiencing problems with gambling and mental health and was struggling with addiction. In the circumstances, I think NewDay should've been on notice that Mr D may not be borrowing in a sustainable manner and was unlikely to be able to sustainably afford a new credit card. I can also see from Mr D's credit file he'd taken payday loans in the preceding months.

Taking everything together, I think the responsible thing for NewDay to have done would've been to decline Mr D's Marbles application on the basis he was unlikely to be able to sustainably support further borrowing. As a result, I'm upholding this part of Mr D's complaint.

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, I'm satisfied the redress I have directed below results in fair compensation for Mr D in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

My decision is that I uphold Mr D's complaint and direct NewDay Ltd to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to the Marbles account.
- If the rework results in a credit balance, this should be refunded to Mr D along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. NewDay should also remove all adverse information regarding this account from Mr D's credit file.
- Or, if after the rework there is still an outstanding balance, NewDay should arrange an affordable repayment plan with Mr D for the remaining amount. Once Mr D has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Mr D a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 August 2025.

Marco Manente
Ombudsman