

## The complaint

Mr B complains that NewDay Ltd trading as Aqua lent irresponsibly when it approved his credit card application and later increased the credit limit.

## What happened

Mr B applied for an Aqua credit card in April 2021. In his application, Mr B said he was employed with an annual income of £30,000 that Aqua calculated left him with £2,093 a month after deductions. Aqua carried out a credit search and found a County Court Judgement (CCJ) that was 49 months old at the point of application. No other adverse credit or recent missed payments were noted. Mr B's credit file showed he owed £10,677 and was making monthly repayments of £450. Aqua carried out an affordability assessment and used estimates for Mr B's rent of £450 and general living expenses of £454 a month. After applying its lending criteria, Aqua says Mr B had a disposable income of £608 a month. Aqua approved Mr B's application and issued a credit card with a £1,200 limit.

Mr B used the credit card and Aqua went on to increase the credit limit as follows:

Event	Date	Limit
App	Apr-21	£1,200
CLI1	Aug-21	£2,200
CLI2	Dec-21	£3,450
CLI3	Apr-22	£4,700
CLI4	Mar-23	£5,550

Earlier this year, representatives acting on Mr B's behalf complained that Aqua lent irresponsibly and it issued a final response. Aqua said it had carried out the relevant lending checks before approving Mr B's application and increasing the credit limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr B's complaint. They weren't persuaded Aqua lent irresponsibly up to CLI2. But the investigator thought Aqua should've carried out better lending checks before approving CLI3 and reviewed Mr B's bank statements. The investigator said Mr B's bank statements showed his outgoings were higher than his income. The investigator thought more thorough checks would've caused Aqua to decline to approve CLI3 and upheld Mr B's complaint from that point. The investigator's view of Mr B's complaint was issued on 25 June 2025.

Mr B's representatives confirmed he was willing to accept. After chasing the response on 9 July 2025 the investigator referred Mr B's complaint for appeal on 25 July 2025 when we didn't hear back from Aqua. On 30 July 2025 Aqua asked to review Mr B's bank statements and excel spreadsheets containing the account histories were forwarded to Aqua on the same day. We didn't hear back from Aqua until 4 September 2025 when it asked for printed copies of Mr B's bank statements. As no resolution has been reached, Mr B's complaint has been passed to me to make a 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.

I'm aware Aqua has asked to see the printed copies of Mr B's bank statements. But we've got excel spreadsheets with Mr B's three bank account histories which is what the investigator used when reaching their conclusions. I've reviewed that information too and it's straight forward to follow. Given the investigator's view was initially sent to Aqua on 30 June 2025 and the banking histories were forwarded to it in spreadsheet form on 30 July 2025 I'm unable to agree it's now reasonable to go back to Mr B and request paper versions of the information he's already provided. I'm satisfied the spreadsheet information is sufficient to get a clear understanding of Mr B's circumstances and don't agree it would be fair to delay his case further by asking him to request paper versions of his bank statements for Aqua to review. I'm satisfied Mr B has already submitted his account histories that show his banking movements that are straightforward to follow.

Before agreeing to lend or increasing the credit limit, the rules say Aqua had to complete reasonable and proportionate checks to ensure Mr B 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 noted the information Aqua used when considering Mr B's application above. Whilst I can see a CCJ was found on Mr B's credit file, it was historic in nature and no other adverse credit or recent missed payments were noted. Mr B's existing debts were taken into account with monthly repayments of £450 used in Aqua's lending assessment. And Aqua used reasonable estimates for Mr B's rent and living expenses. In my view, the conclusion Mr B had £608 a month as disposable income was reasonable based on the information Aqua obtained. Overall, I'm satisfied Aqua carried out proportionate lending checks and the decision to approve his application and issue a credit card with a £1,200 limit was reasonable.

I'm going to deal with CLI1 and CLI2 together. I can see no evidence of late or overlimit fees being applied to Mr B's Aqua account. And Mr B's credit file shows he still owed around £12,000 before both CLI1 and CLI2 were approved. No new adverse credit, recent missed payments or defaults were found on Mr B's credit file. And Aqua used a service provided by the credit reference agencies to check Mr B's income level before each credit limit increase was approved. Aqua also carried out affordability assessments using reasonable estimates for Mr B's outgoings and his existing debt repayments. For CLI1 Aqua says Mr B had a disposable income of £712 and for CLI2 Mr B had a disposable income of £1,125. I think both those figures would've been sufficient for Mr B to sustainably afford repayments to the

increased credit limits Aqua went on to approve. In my view, Aqua completed reasonable and proportionate checks before approving CLI1 and CLI2. And I'm satisfied the decisions to approve both credit limit increases were reasonable based on the information Aqua obtained. I haven't been persuaded Aqua lent irresponsibly when it approved CLI1 and CLI2.

I can see that between CLI2 and CLI3 Mr B's unsecured debt levels increased from around £12,000 to around £20,000. That's a significant increase in a four month period. In the circumstances, I think that should've caused Aqua to carry out a more thorough set of lending checks before approving CLI3 taking the credit limit to £4,700. One option available to Aqua would've been to review Mr B's bank statements to get a clearer picture of his circumstances. That's the approach I've taken and have looked at Mr B's current account histories going back for three months before CLI3 was approved.

From reviewing Mr B's bank accounts, I found he had an average monthly income of around £2,400. Mr B's regular outgoings for items like utilities, rent, insurance, DVLA payments, his existing debts and mobile phone came to an average of around £3,100 a month. Within that figure, I note Mr B made what appear to have been four manual payments of £500 to different credit card providers. Even taking those overpayments out, Mr B's outgoings averaged £2,354 a month which is broadly the same as his income. I didn't make any allowances for food transport or any everyday spending in that figure so Mr B's outgoings were higher than that figure in reality.

Having reviewed Mr B's banking history for the three months before CLI3 I'm satisfied it shows his outgoings were already higher than his income. In the circumstances, I think Aqua would've declined to proceed with CLI3 if it had taken a more thorough approach when completing its lending checks. As I haven't found that Mr B had sufficient income to sustainably afford an increase in his credit limit I'm upholding his complaint from CLI3 and directing Aqua to refund all interest, fees and charges applied to balances over £3,450 from April 2022.

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 B 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 B's complaint and direct NewDay Ltd trading as Aqua to settle as follows:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £3,450 after 7 April 2022.
- If the rework results in a credit balance, this should be refunded to Mr B 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 recorded after 7 April 2022. regarding this account from Mr B's credit file.
- Or, if after the rework the outstanding balance still exceeds £3,450, NewDay should arrange an affordable repayment plan with Mr B for the remaining amount. Once Mr B has cleared the outstanding balance, any adverse information recorded after 7 April 2022 in relation to the account should be removed from his credit file.

If NewDay has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

\*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Mr B 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 B to accept or reject my decision before 8 October 2025.

Marco Manente  
**Ombudsman**