

The complaint

Mr M complains that NewDay Ltd trading as Aqua irresponsibly lent to him.

What happened

Mr M was approved for an Aqua credit card in November 2023, with a £1,200 credit limit. The credit limit was increased a further four times, in April 2024 (£2,200), August 2024 (£3,700), December 2024 (£5,200) and April 2025 (£6,700). Mr M says Aqua irresponsibly lent to him. Mr M made a complaint to Aqua.

Aqua partially upheld Mr M's complaint. They said that they shouldn't have increased the credit limit to £3,700 in August 2024, so they upheld his complaint from then. Mr M brought his complaint to our service.

Our investigator did not uphold Mr M's complaint. He said that Aqua's checks for the first two lending decisions were proportionate and they made fair lending decisions. He said that Aqua were right to freeze the account, and they provided redress in line with what our service would ask them to if we upheld the complaint from the August 2024 lending decision.

Mr M asked for an ombudsman to review his complaint. In summary, he said that the credit for the first two lending decisions turned out to be unsustainable and damaged his financial situation. He said he was forced to take out two other credit cards and two personal loans to stay afloat. He said NewDay's assessments failed to identify this risk.

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.

Before agreeing to approve or increase the credit available to Mr M, Aqua needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Aqua have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Aqua account

Aqua said they looked at information provided by Credit Reference Agencies (CRA's) and information that Mr M had provided before approving his application. The information shows that Mr M had declared a gross annual income of £45,000.

The data showed Mr M had no public records – such as a County Court Judgement (CCJ), and no defaults on his credit file. There were no current arrears, or any arrears on his accounts in the six months prior to the checks. Mr M was showing as having an active debt to gross annual income ratio of 9.74% which would equate to him having around £4,383 of

active unsecured debt.

The data showed an affordability assessment for Mr M. Aqua used information from a CRA and modelling to estimate Mr M's outgoings. The affordability assessment showed that Mr M should be able to sustainably afford repayments for a £1,200 credit limit.

So I'm persuaded that the checks Aqua completed for this lending decision were proportionate, and they made a fair lending decision to approve Mr M's application, and to provide him with a £1,200 credit limit. It would not be foreseeable to Aqua at this stage that he would have future financial difficulty.

April 2024 credit limit increase - £1,200 to £2,200

A CRA reported that Mr M's unsecured debt was at £7,642 at the time of these lending checks which was higher than it was at the account opening stage. This would have been around 17% of Mr M's original declared gross annual income, so it wouldn't appear that Mr M was overindebted at the time of these checks. Mr M had been in arrears on an external account shortly after this account had been opened, but it would appear that this would be an oversight as Mr M brought the account up to date in the following month.

Aqua would have also been able to see how Mr M used his account since it had been opened. Mr M incurred no late or overlimit fees since the account had been opened. And there were three occasions since the account had been opened where Mr M paid three figure repayments to the account, which were a lot higher than his minimum repayment, which I wouldn't expect Mr M would be able to make these higher repayments if he was struggling financially at the time.

Each month Mr M was required to make a repayment, he paid a lot more than his minimum required repayment, so I can't fairly say it would have been foreseeable to Aqua at this stage Mr M's future financial difficulty. It would not have been proportionate here for Aqua to have obtained any information from Mr M such as bank statements, based on what the data showed.

Further credit limit increases

As Aqua have upheld Mr M's complaint from the August 2024 lending decision, then I'm not minded to interfere with the outcome of these lending decisions. Instead, I've looked to see whether the redress they provided was fair.

I do think it was fair for Aqua to suspend/freeze the account. I say this because if the lending was unaffordable for Mr M, then he shouldn't be allowed to increase the debt on the account, which would make it more difficult for him to repay this debt.

Aqua have provided redress in line with what I would have asked them to do if I upheld the complaint from the same lending decision, so I'm persuaded that this was fair. But if Mr M can't afford to make the repayments on the account, I would urge him to contact the owners of the debt to arrange an affordable repayment plan.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress Aqua have already paid results in fair compensation for Mr M 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 16 December 2025.

Gregory Sloanes
Ombudsman