

## **The complaint**

Mr D complains that NewDay Ltd trading as Fluid lent irresponsibly when it approved his credit card application.

## **What happened**

Mr D applied for a Fluid credit card in September 2021. In his application Mr D said he was earning £78,000 a year. Fluid calculated that left Mr D with around £4,649 a month after deductions. Fluid says it used a service provided by the credit reference agencies known as CATO to verify the income level Mr D gave in the application. A credit search was completed that showed Mr D had unsecured debts of around £13,000 and was making monthly repayments of £718. No adverse credit like County Court Judgements (CCJs), IVAs, payment arrangements, payday loans or recent arrears were found on Mr D's credit file.

An affordability assessment was completed using an estimate of Mr D's general living expenses of £559 a month. No deduction was made for Mr D's housing costs. Mr D's existing repayments of £718 were also taken into account by Fluid. After applying its lending criteria, Fluid says Mr D had a disposable income of around £3,372 a month. Fluid approved Mr D's application and issued a credit card with a limit of £2,500.

Mr D used the Fluid credit card for a money transfer in September 2021 incurring a fee of £63.57 and interest of £39.91. Mr D's account history shows that no other interest, fees or charges have been applied to Mr D's Fluid credit card.

Earlier this year, Mr D complained that Fluid lent irresponsibly and it issued a final response. Fluid said it had carried out the relevant lending checks before approving Mr D's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr D's complaint. They thought Fluid had completed reasonable and proportionate checks before approving Mr D's application and weren't persuaded it lent irresponsibly. Mr D asked to appeal and said the income figure Fluid used was around double his actual income. Mr D also pointed to three loans he'd taken out in the month before his Fluid application was made and said this should've been a risk indicator. Mr D added he'd used another credit card for cash advances earlier in 2021. As Mr D asked to appeal his 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.

Before agreeing to lend, the rules say Fluid 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 Fluid used when considering Mr D's application above. Mr D's explained that the income figure he gave in the application was around double the reality and that he wasn't earning £78,000. I can see our investigator didn't find evidence that Fluid had attempted to verify the income level provided. But I can see from the lending file and associated guidance provided by Fluid showing how its lending criteria is used confirms that it uses CATO to help verify applicants' incomes. If an income can't be verified via CATO, additional checks and credit scoring are required by Fluid. But here, the case file shows Mr D's application was subject to the standard checks that included the CATO income verification process. So whilst I note Mr D's comments about his income, I am satisfied that CATO was used by Fluid and returned a positive result in terms of the income level declared.

I'm not saying that means Mr D was earning £78,000. CATO relies on current account turnover to help provide verification so it's possible other credits into the account may've impacted the results. But if the other parts of the application failed to show areas of concern, I'm satisfied it was reasonable for Fluid to rely on the CATO verification process used in the application.

I've considered whether there were other signs of financial strain in the application information. Mr D's credit file results said he owed around £13,000 and all his payments were up to date. And no other adverse credit was noted. Mr D's pointed to three loans he took in the month before his application. Mr D says he took a loan for £6,251 on 12 August 2021, £5,909 on 15 August 2021 and £15,048 on 20 September 2021. Mr D's Fluid application was made on 16 September 2021. That means the final loan Mr D took was applied for after the Fluid application was made. And credit files aren't updated in real time – it can take up to six weeks for new accounts to be reported. The evidence on file shows the loans in question weren't showing on the credit file results Fluid obtained. I'm satisfied that it's more likely than not that the loans Mr D has told us about were not present on his credit file at the time of his Fluid application. I haven't been persuaded Fluid acted unreasonably by relying on the credit file results it obtained.

Mr D's credit file showed his existing accounts were well handled and up to date. I understand Mr D's told us he'd used another credit card for cash advances earlier in the year. But there's nothing in the credit file information Fluid obtained to confirm the cash advances. And I wouldn't have expected Fluid to take that, in its own right, as a reason to decline Mr D's application.

Fluid completed an affordability assessment using an estimate for Mr D's general living expenses of £559 a month – an approach it's allowed to take under the relevant lending rules. I am aware no figure was used for Mr D's housing costs in the affordability assessment. I'd normally expect to see an important outgoing of that nature used when considering the affordability of new lending. I've considered whether the absence of a rent figure unfairly impacted Mr D's case. I think it's fair to note that after deducting Mr D's existing repayments and general living expenses Fluid calculated he had around £3,372 a

month remaining as a disposable income. In my view, even if Fluid had added a reasonably large rent figure to Mr D's affordability assessment it's more likely than not it would've still found he had a healthy disposable income. I haven't found evidence that shows Mr D has been unfairly impacted by the lack of a rent figure in the affordability assessment.

Taking all the available information into account, I'm satisfied Fluid carried out reasonable and proportionate checks before approving Mr D's application. Mr D's income was verified via CATO and his credit search didn't show any information that should've been cause for concern by Fluid. And Fluid's lending assessment found Mr D had a high disposable income that was sufficient to sustainably afford a new credit card with a limit of £2,500. As I'm satisfied Fluid completed proportionate checks before approving Mr D's application and its decision to do so was reasonable based on the information it obtained, I'm unable to uphold his 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, for the reasons I've already given, I don't think Fluid lent irresponsibly to Mr D or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 January 2026.

Marco Manente  
**Ombudsman**