

The complaint

Mr R complains NewDay Ltd irresponsibly provided him with a credit card.

What happened

NewDay provided Mr R with a credit card under its Marbles brand in April 2024. The original limit provided was for £1,200 which was increased to £1,700 in July 2024.

Mr R complained to NewDay in September 2024 saying it had irresponsibly provided him with this credit. Mr R said he had previously made NewDay aware of health conditions which made him financially vulnerable. Mr R has said NewDay should have been aware of this and shouldn't have provided him with this lending.

NewDay issued a final response letter in which it didn't uphold Mr R's complaint. It said it had conducted proportionate checks and had made fair lending decisions when providing Mr R with this credit card and limit increase.

Unhappy with NewDay's response Mr R referred his complaint to our service.

One of our investigators reviewed the details of the case and upheld Mr R's complaint. They concluded that NewDay hadn't made a fair lending decision when approving Mr R with this credit card; and considered fair redress in the individual details of this complaint included writing off the outstanding balance.

Mr R accepted our investigator's view; NewDay disagreed. It set out that it agrees to uphold Mr R's complaint from the original lending decision, refunding all interest and charges and removing adverse information from Mr R's credit file once the outstanding balance has been repaid. However, it doesn't agree to write off the outstanding balance.

As an agreement couldn't be reached the complaint has been passed to me to decide.

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.

The information in this case is well known to Mr R and NewDay, so I don't intend to repeat it in detail here. Instead, I've focused my decision on what I consider to be the key points of this complaint; so, while I may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr R or NewDay by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website; and I've seen our investigator made Mr R and NewDay aware of this approach within their view.

Essentially NewDay needed to take reasonable steps to ensure the lending it provided Mr R was responsibly lent. The relevant rules, regulations, and guidance in place during NewDay's lending event required it to carry out proportionate checks. These checks needed to assess Mr R's ability to afford the credit limit being provided and repay it sustainably, without causing him financial difficulties or financial harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, considering things like the type, amount, duration, and total cost of the credit, as well as the borrower's individual circumstances. And it isn't sufficient for NewDay to just complete proportionate checks – it must also consider the information it obtained from these checks to go on and make fair lending decisions. This includes not lending to someone in financial hardship, and ensuring repayments can be made sustainably.

I've followed this approach when considering Mr R's complaint and I've set out my findings below under separate headings for ease.

As part of Mr R's complaint submissions he's made us aware of some sensitive personal circumstances relating to his mental health and finances; I'd like to thank Mr R for openly providing us with these details, which NewDay was provided originally in 2017 and again as part of our consideration of this complaint.

NewDay's lending decisions

NewDay obtained Mr R's declared income and says it used an online credit reference agency (CRA) tool to calculate Mr R's disposable income. This took into account information reported by CRAs covering monthly income and monthly expenditure towards credit commitments, housing costs and cost of living payments. NewDay has said it calculated Mr R's disposable income to be around £1,300. It has also said the credit check results didn't show any concerns that it considers should have led to more detailed checks being completed. NewDay considers its checks were proportionate and that it made fair lending decisions when providing Mr R with the original limit and credit limit increase.

I've carefully considered the information available to me. Having done so I'm not persuaded NewDay's checks were proportionate, or that it went on to make fair lending decisions in the circumstances of this complaint.

I say this because as part of NewDay's checks it has set out that as well as completing creditworthiness assessments, which in part consider income and expenditure and details obtained from credit reference agencies; that NewDay also considers:

“How you managed any other accounts you may hold with NewDay” and “Internal data including records of interactions you've had with us”.

As part of Mr R's complaint submissions, he's made our service aware that he was provided with an Aqua branded credit card by NewDay in 2016. In January 2017 Mr R made NewDay aware of financial difficulties. I've seen emails sent from Mr R to NewDay around this time in 2017 where he'd asked it to consider writing off his outstanding balance of around £2,000, because of these circumstances.

NewDay has also provided us with evidence of its contact notes from 2017. These contact notes set out Mr R's submissions about his mental health and his request for the outstanding balance to be written off.

In September 2024 NewDay sent Mr R a letter which set out that it would hold collection activity relating to the Aqua branded account for one month, suggesting that it is still actively collecting the outstanding balance.

NewDay has told us that the Aqua branded account was defaulted in August 2017 with an outstanding balance of around £2,000, and that it was charged off. It has said the letter issued in September 2024 was sent following engagement from Mr R; and that while the letter states action will be held for a month, that this is misleading as it hasn't been collecting payment for the account since it was defaulted and charged off in August 2017.

I've no reason to doubt NewDay's stance on collection of this debt; and while Mr R has provided us with the letter dated September 2024, he hasn't made us aware that he has been pursued for repayment of the outstanding balance under the Aqua card. So, I acknowledge that it appears this isn't a balance that NewDay is or has been actively pursuing. I also accept NewDay's arguments that the default it had reported for the Aqua branded card was no longer reporting on Mr R's credit file by the time it accepted him for this new lending in April 2024, as a default will generally only remain on a credit file for six years.

However, as I've set out above NewDay has said that as part of an assessment it considers how other accounts have been managed, and that it considers internal data including records of interactions. To me this suggests that as part of NewDay's assessment of this new Marbles branded account, it should reasonably have considered Mr R's management of the Aqua branded card, as well as the information he had previously provided it relating to his mental health and financial circumstances.

I say this because while it has said it isn't actively collecting on the Aqua card debt, it is still a record of how Mr R had managed an account held with NewDay; and the information Mr R had presented NewDay with in 2017 set out his vulnerabilities.

The medical information Mr R provided NewDay in 2017 included a letter from his GP which stated:

"[Mr R] has a long history of mental health issues affecting his mood...His mental health does affect his ability to manage his finances."

And a 'Debt and Mental Health Evidence Form' also completed by Mr R's GP which stated:

'Does the person have a mental health problem that affects their ability to manage their money?'

"Yes".

'If yes, can you explain 'how' it affects their ability? This can improve any help the person is given.'

"Goes through periods where he doesn't care about money, apply [sic] for credit, spends and gambles money and doesn't think of consequences."

'When communicating with the person, are there any special circumstances that a creditor need to take into account?'

"Yes".

'If yes, can you explain 'how' it affects their ability? This can improve any help the person is given.'

“To be aware of his mental state and re-inforce [sic] instructions given”.

So, NewDay was already aware of this information about Mr R's mental health and how it can affect his financial decisions and behaviours. I consider it ought reasonably to have considered this information as part of its assessment of Mr R's lending application in 2024; and I consider it ought to have been concerned with providing Mr R with further credit, given the management of the existing account and the vulnerabilities that it was aware of, without at least obtaining an updated position.

I say this because I'm mindful that the letter NewDay received which had been written by Mr R's GP said that he had a long history of mental health conditions; suggesting this was an ongoing situation rather than an isolated event or case. And taking an overall review of the situation, including that Mr R failed to repay anything back to NewDay towards the outstanding balance on the Aqua card of around £2,000, I consider this ought to have been of concern to NewDay.

I've not seen any evidence that NewDay considered the information I've set out above as part of Mr R's credit application in 2024, nor did it look to obtain an updated position from him about his health. I consider had it done so, while also taking into account all of this information, that it would more likely than not have concluded that providing new lending to Mr R wouldn't be a responsible lending decision. So, it therefore follows I don't consider NewDay made a fair lending decision when providing Mr R with this credit card and credit limit increase.

The write off request

Our investigator recommended NewDay write off the outstanding balance under this Marbles branded card. He said this based on what he considered is fair resolution of this complaint.

Having carefully considered the information and evidence available to me, I consider NewDay writing off the outstanding balance of this credit card would be a reasonable outcome in the individual circumstances.

I say this based on the findings I've set out above, specifically relating to the particular information NewDay was made aware of by a medical practitioner: where it was documented that Mr R's ability to manage his finances is affected by his mental health, and that he has episodes where he will apply for credit which is spent and gambled without thinking of the consequences.

I note that within the first month of being provided this new facility that Mr R utilised the full available credit limit, with roughly 50% of that used for cash withdrawals. And an overlimit fee was refunded within the first couple of months, suggesting Mr R had exceeded the agreed limit early into the relationship. NewDay went on to increase Mr R's credit limit within a few months of the original facility being provided, even though these behaviours and utilisation of the account was present. I consider this caused further financial harm to Mr R.

Has NewDay acted unfairly or unreasonably in any other way?

I've considered whether NewDay has 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'm directing in this case, as set out below, results in fair compensation for Mr R in the circumstances of the complaint. I'm therefore satisfied, based

on what I've seen, that no additional award would be appropriate in this case.

Putting things right

Given my above findings I'm directing NewDay to take the below action to fairly resolve Mr R's complaint:

- Write off the outstanding balance on the account with nothing further for Mr R to pay. Remove any adverse information it has reported to Mr R's credit file in relation to this account.

My final decision

My final decision is that I uphold Mr R's complaint about NewDay Ltd and I direct it to take the above action in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 November 2025.

Richard Turner
Ombudsman