

The complaint

Miss J complains that NewDay Ltd was irresponsible in its lending to her.

What happened

Miss J was provided with four credit accounts by NewDay the details of which are set out below.

BIP account

Date	Event	Amount
April 2022	Account opening	£450

Aqua account

Date	Event	Amount
April 2024	Account opening	£1,200
July 2024	Credit limit increase	£2,700
November 2024	Credit limit increase	£3,700

John Lewis account

Date	Event	Amount
December 2024	Account opening	£1,200
March 2025	Credit limit increase	£1,700

Marbles account

Date	Event	Amount
May 2025	Account opening	£1,200

Miss J didn't think that the credit accounts should have been provided and said they were

unaffordable. She didn't think that her previous credit history had been taken into account and explained that while she had a good household income, she was a single parent with a bad credit history and a carer to her disabled child.

NewDay issued a final response to Miss J's complaint dated 21 July 2025. It explained that before providing the credit it carried out credit and affordability assessments using the information Miss J provided in her credit applications along with data from the credit reference agencies and any internal data it held. It said that based on its checks the credit was provided responsibly.

Miss J referred her complaint to this service.

Our investigator considered each lending decision.

- BIP account - Our investigator thought the checks carried out before the account was opened were reasonable and based on these, they didn't find that NewDay was wrong to provide the credit.
- Aqua account - Our investigator thought the checks carried out before the account was opened were reasonable but thought that further checks should have taken place before the credit limit increases were applied. They requested copies of Miss J's account statements, but these weren't provided and so, based on the available information they didn't think they had enough to say the lending decisions were unfair.
- John Lewis account - Our investigator thought the checks carried out before the account was opened were reasonable but thought that further checks should have taken place before the credit limit increase was applied. They requested copies of Miss J's account statements, but these weren't provided and so, based on the available information they didn't think they had enough to say the lending decisions were unfair.
- Marbles account - Our investigator thought the checks carried out before the account was opened were reasonable and based on these, they didn't find that NewDay was wrong to provide the credit.

Based on the above, our investigator didn't uphold this complaint.

Miss J didn't agree with our investigator's view. She reiterated that she was a single parent and said she was receiving benefits due to her mental health and her child's disability. She said she had only been able to afford the minimum repayments. Miss J provided copies of her bank statements and said that she had needed to borrow from a family member and was struggling financially.

Our investigator responded to the additional information that had been received. They looked through the bank statements but found that these supported the credit provision by NewDay as being affordable for Miss J. therefore their view didn't change, and they didn't uphold this complaint.

Miss J didn't agree with our investigator's view. While she accepted that 'on paper' she had disposable income she said she was mainly living off benefits and had high expenses due to her family circumstances. She said she had made several applications and had unstable spending and thought that additional credit shouldn't have kept being added.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman,

to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Miss J was provided with four credit accounts and there were credit limit increases on two of these. I have considered each lending decision below.

BIP account

The first credit account provided to Miss J by NewDay was a BIP account with an initial credit limit of £450. No credit limit increases were applied to this account.

Before the account was opened, NewDay gathered information about Miss J's income and carried out a credit check. Miss J declared her annual income as £25,000 which was calculated to give a monthly net income of around £1,793. The credit check showed that it had been 30 months since the last default, and while having a default on her credit file showed Miss J had experienced previous financial difficulties, given when this was recorded, I find it reasonable to accept this as historic and not a reason, on its own, to say the credit shouldn't have been provided. Miss J's credit check showed her current credit commitments to be up to date.

Given the size of the credit limit being provided compared to Miss J's income and as Miss J's credit check didn't show any current issues, I think the checks carried out before the account was opened were reasonable.

However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the account should have been opened. To assess that I have considered the outcome of NewDay's checks to see if these raised concerns that meant further information should have been gathered or the credit not provided.

NewDay gathered information about Miss J's existing cost of credit and her housing and other living costs. Based on these she had sufficient disposable income to make the repayments due on a £450 credit limit. Therefore, I do not find that the checks raised concerns about the affordability of the credit.

Based on the above I do not find I can say that NewDay was wrong to provide Miss J with the BIPs account with a £450 credit limit.

Aqua account

Miss J applied for a second account with NewDay in April 2024. This was an Aqua credit account. Given that this account was applied for around two years after the BIP account, I do not find this should have raised concerns in regard to the timing of the application.

Before the account was opened, NewDay gathered information about Miss J's income and carried out a credit check. Miss J declared her annual income as £25,000 which was calculated to give a monthly net income of around £1,793. The credit check showed that it had been 52 months since the last default (no new defaults had been recorded since the BIP account was opened). I find it reasonable to accept the default as historic and not a reason, on its own, to say the credit shouldn't have been provided. Miss J's credit check showed her credit commitments were up to date and she had no outstanding payday loans. Her monthly credit commitment costs were recorded as around £390.

Considering the size of the credit limit being provided and the repayments that would be due on this compared to Miss J's income and noting that Miss J's existing credit commitments didn't suggest she was over indebted, and her credit check didn't raise concerns, I think the checks carried out before the account was opened were reasonable.

However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the account should have been opened. To assess that I have considered the outcome of NewDay's checks to see if these raised concerns that meant further information should have been gathered or the credit not provided.

NewDay gathered information about Miss J's existing cost of credit and her housing and other living costs. Based on these she had sufficient disposable income to make the repayments due on a £1,200 credit limit. Therefore, I do not find that the checks raised concerns about the affordability of the credit.

Miss J's credit limit on her Aqua account was increased on two occasions. These increases took place in close succession after the account opening. I have looked through Miss J's account data, and I can see she undertook a balance transfer shortly after opening the account and incurred balance transfer fees in the first two months. Aside from this, she didn't incur other fees on the account before the two credit limit increases took place. Therefore, I do not find that Miss J's account management should have raised concerns.

However, Miss J's limit was being increased by reasonably high amounts and the credit data available to NewDay showed her other existing credit commitments were increasing. While I do not find these were at a level that meant the additional credit shouldn't have been given, noting the size of the increases and the timing I think it would have been reasonable to have carried out further checks to ensure the additional credit would be affordable for Miss J.

While NewDay wasn't required to request copies of Miss J's bank statements, as I think further questions should have been asked, I have used the information in Miss J's statements to assess what would likely have been identified if additional checks had taken place.

In the months leading up to the first credit limit increase to £2,700, Miss J's income was mainly from benefits with these totalling an average of around £2,500 a month. Additional to these payments, Miss J received money from other sources, including funds linked to her studies, from a family member as well as a regular £30 a week from another third party. If all income (excluding payments from the individuals) was included, Miss J's monthly income averaged around £3,300.

Miss J's expenses for costs such as housing, utilities, insurance and communications / media contracts averaged around £1,000. Miss J also had existing credit commitments which NewDay had recorded as around £600 and based on Miss J's account statements I do not find this unreasonable. While this doesn't include Miss J's general living costs such as food and transport, I find that the disposable figure based on the numbers above is sufficient to meet these costs and the amounts due on the increased credit limit.

A review of Miss J's statements for the months leading up to the second credit limit increase alongside the data NewDay had available at that time, showed Miss J's income from benefits to be around £2,500 and she was also receiving income from other sources. Miss J's expenses were similar to those previously recorded, and her credit commitments taken from the NewDay credit information were around £770. Based on these income and expenses figures, I do not find I can say that the additional credit should have been considered unaffordable for Miss J.

For the reasons set out above, I do not find I can say NewDay was wrong to provide the Aqua account or the credit limit increases on this account.

John Lewis Account

This was the third credit card account Miss J applied for with NewDay. At this point her combined available credit on her existing NewDay credit cards was £4,150. The John Lewis account was opened with an initial credit limit of £1,200 which was increased around three months later to £1,700.

Before the account was opened, NewDay gathered information about Miss J's income and carried out a credit check. Miss J declared her annual income as £33,000 which was calculated to give a monthly net income of around £2,273. The credit check showed no new defaults and no payday loans and her accounts were up to date. Her existing credit commitments were identified as around £534 a month. Based on the size and cost of the additional credit being provided compared to Miss J's income and as her credit check didn't raise concerns, I find the checks carried out before the account was opened were reasonable.

Based on the information gathered the checks didn't suggest the additional lending to be unaffordable for Miss J. While I note Miss J was increasing her overall access to credit, I do not find that her previous account management had raised concerns that she was struggling to manage her existing commitments and I do not find the total credit limit being provided by NewDay was at a level that meant further credit shouldn't have been given. Therefore, in this case, I do not find that NewDay was wrong to open this account.

Miss J managed the account without any issues and while she did carry out a balance transfer after opening the account, she didn't incur any fees for cash advances, late or over limit charges prior to the credit limit being increased. Before the credit limit increase, Miss J's credit commitments were recorded as £16,714 and while I do not think this was at a level (compared to Miss J's income) that meant further credit shouldn't have been provided, I have looked at Miss J's statements to see if these support the additional credit being affordable.

Looking through Miss J's bank statements for the months leading up to the March 2025 credit limit increase, these show similar results to those noted above and based on Miss J's regular income and expenses, I do not find that I can say this credit limit should have been considered unaffordable.

Marbles Account

This was the fourth credit card account Miss J applied for with NewDay. I think this should have begun to raise concerns about Miss J's overall use of credit. By this time, her combined available credit on her existing NewDay credit accounts was £5,850. The Marbles account was opened with an initial credit limit of £1,200. Given Miss J's total credit from NewDay, I think it was important that it was confident, based on its checks, that the additional lending would be affordable for Miss J.

As with the other accounts, details of Miss J's income and expenses were gathered before the account was opened and a credit check carried out. Miss J's annual income was recorded as £33,000 giving monthly income of £2,273. Her credit commitments were recorded as around £430 and based on the affordability assessment Miss J had disposable income of around £776. I do not think this should have raised concerns about the affordability of the credit being provided.

So, while I accept that Miss J was increasing her exposure to credit, I do not think it was at a level which meant I can say this account shouldn't have been opened. And as the checks suggested the credit to be affordable for Miss J, I do not find I can say NewDay was wrong to provide the account.

I note Miss J's comment about her previous poor credit but in the period in which the accounts were opened and credit limits applied the credit checks didn't raise concerns. I also appreciate that due to her circumstances she has additional costs, but based on the evidence I have seen, I do not find I can say that NewDay should have identified the lending as unaffordable for Miss J. Therefore, I do not uphold this complaint.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Miss J has complained about, including whether its relationship with Miss J might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think NewDay lent irresponsibly to Miss J or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 13 February 2026.

Jane Archer
Ombudsman