

## The complaint

Miss D complains that NewDay Ltd trading as John Lewis Partnership Card (NewDay) irresponsibly provided her with credit on several occasions, which she could not afford to repay.

## What happened

In December 2022, Miss D applied for a credit card with NewDay. She was given an initial credit limit of £1,200. This limit was increased to £2,700 in November 2023, increased again in April 2024 to £3,700, again in September 2024 to £4,000 and a final limit increase to £5,500 in February 2025.

Miss D complained to NewDay to say that it shouldn't have given her the borrowing. She said that had NewDay completed appropriate affordability checks it would have seen that the credit was unaffordable for her from the time that the interest-free period had expired.

NewDay didn't uphold the complaint. It said that it had carried out appropriate checks which showed that Miss D could afford the various credit limits it had provided her with.

Our investigator didn't recommend that the complaint should be upheld. They thought NewDay made fair lending decisions at each point that it offered Miss D credit.

Miss D didn't agree, mainly because she thinks the affordability calculations were inaccurate, so the complaint has been passed to me for a final 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 each lending decision, NewDay was required to complete proportionate checks to ensure the credit it was proposing to provide was affordable. There isn't a set list of checks a lender needs to complete in each and every case. Instead, NewDay needed to ensure it did enough based on the specific circumstances of that lending decision. The things NewDay needed to consider when deciding what was proportionate included (but wasn't limited to): the type and amount of credit, the size and frequency of the repayments, the cost of the borrowing and Miss D's circumstances.

### Account opening

I note that Miss D is not complaining about the credit card account being opened, but that she couldn't afford the borrowing once the interest-free period ended. I think NewDay would've needed to ensure Miss D could afford the borrowing, whether or not there was an initial interest-free period at the time of the application, because it knew she would need to pay interest on this borrowing in the near future. So, I must consider what checks NewDay did at the time of the application.

At the time of the credit card application, Miss D declared that she had an annual income of around £32,900. NewDay verified this income using credit reference agency data and calculated Miss D's monthly income to be around £2,270. NewDay's checks showed that Miss D had unsecured borrowing, for which she was making monthly repayments of approximately £31. NewDay used statistical data to estimate Miss D's monthly housing costs and living expenses. According to NewDay's calculations, this left Miss D with a disposable monthly income of around £1,445.

The checks also showed that there was an entry on the credit file of a defaulted account, however this entry happened around 60 months ago and there had been no signs of any financial struggle since. I don't think NewDay would've been concerned by the default, as such a long period of time has gone by where Miss D has demonstrated that she could manage her credit commitments well and it's no longer reflective of her current circumstances.

I think that the checks NewDay completed at the time of the application were proportionate in the circumstances, and the decision to open the account with a limit of £1,200 was fair. The checks showed that Miss D could comfortably and sustainably afford payments towards the new credit commitment, including the interest that would be applied once the interest-free period would finish.

As I think NewDay made a fair lending decision in relation to the account opening, I've gone on to consider the subsequent credit limit increases.

#### Credit limit increases one and two

I've seen a summary of the credit checks completed at the time of each credit limit increase, along with statements which show how the account was managed by Miss D. NewDay also appears to have used credit reference agency data to understand what her income was likely to be and used statistical data to estimate her essential expenditure.

The statements show that Miss D managed the account well. She made all her payments on time, did not spend over the limit and often paid more than the minimum required payment. Based on this, I think NewDay would've been confident that Miss D could manage her funds well. NewDay calculated that Miss D had ample disposable income of around £2,390 to afford an increase to her borrowing at the time of both credit limit increases. There was no indication from the statements to show that Miss D was struggling financially at the point these lending decisions were made.

I have also considered the existing borrowing that Miss D had at the time of each credit limit increase. I can see from the checks that at no point before the second credit limit increase did Miss D utilise more than 50% of her total available revolving credit limits across all of her accounts. Further, because the credit checks revealed there was no adverse information at any point throughout this time, NewDay had no reason to think Miss D was in any financial trouble and couldn't afford an increase in her borrowing. It follows that I think the checks carried out were proportionate and NewDay made a fair lending decision when it increased her credit limit on the first two occasions, up to a credit limit of £3,700.

#### Credit limit increase three

At the time of credit limit increase three, NewDay had established that Miss D's income had substantially dropped to around £2,720 per month. As per the checks before, NewDay investigated Miss D's likely outgoings through statistical and credit reference agency data. It calculated that her estimated monthly disposable income was around £1,720. Whilst I accept there has been a significant change to Miss D's income, I think that £1,720 is still a

substantial amount of disposable income for Miss D to afford the increase to her credit limit of £300.

The credit check NewDay completed at this time showed that Miss D's unsecured debts had risen to around £4,040 overall. However, I consider this total relatively low given her monthly income. Miss D was however relying more on the credit available to her, as she was using around 92% of all of her revolving credit limits. But, again Miss D had no adverse entries on her credit file, showing that she was managing her finances well and there were no signs of any financial difficulties from her statements, particularly as she was often paying in excess of the minimum payment that was required.

I think the level of checks NewDay completed were proportionate in the circumstances and I think it made a fair lending decision. This is because the limit was only increased by £300 and the checks revealed Miss D wasn't likely to struggle with this level of increase to her borrowing.

#### Credit limit increase four

At the time of the final limit increase to £5,500, I can see that Miss D had recently spent over her credit limit with NewDay on this credit card account. Also, Miss D had more unsecured borrowing than before and she was using almost all of her revolving credit limit. NewDay's checks on Miss D's income showed a small reduction, this time to around £2,660. Apart from the recent adverse entries in relation to the spending with this credit card account, the credit check showed the rest of Miss D's accounts were being managed well, with no signs of any financial difficulties.

I think at this point NewDay should've realised that there was a pattern of Miss D's income decreasing and her borrowing increasing. I think the checks showed that there was a possibility that Miss D may have been relying on borrowing to afford her essential living expenses. Because of this, I don't think the checks NewDay completed were proportionate and it should've done more to establish an accurate picture of Miss D's finances at this stage. I think this ought to have included getting an understanding of her actual income and essential expenditure, rather than relying on statistical estimates.

Miss D has provided us with some of her bank statements. I'm not suggesting NewDay needed to review Miss D's bank statements as part of any proportionate affordability assessment – it could have understood more about Miss D's income and committed non-discretionary expenditure in a variety of ways. But, I think the statements give a good indication to this service of what NewDay could've learnt about her financial circumstances had it done more.

The statements show that money was being transferred to accounts that I haven't seen and I am therefore unable to establish the details of Miss D's full expenditure. However, I have carefully considered what Miss D has provided us with and I have made my finding based on what I think NewDay most likely would've seen had it completed proportionate checks at this stage.

Miss D says that she wasn't receiving income from her employment in the months leading up to this increase. However, I can see that the checks NewDay completed regarding her income were fairly accurate. I don't think more detailed checks would have led it to reach any significantly different conclusion regarding her income. From what I've seen, it also appears that Miss D did have enough income to sustainably afford her essential outgoings and the borrowing at this stage.

I note that Miss D doesn't think the additional benefit payments she was receiving should be considered when assessing what income she had to pay NewDay because this was to spend on behalf of her children, her housing and living costs. However, I think as this was income she was receiving and had used to pay some of her essential expenditure, it would be fair to take that income into account when assessing the overall affordability of the credit. Also, income from other sources, especially where it is regular and consistent, can be used to help repay towards borrowing and essential living costs. I haven't seen anything to persuade me that more detailed affordability checks would have revealed Miss D having a significantly different monthly income to the one NewDay already established.

I am sorry to hear that Miss D says she needed a bank loan and emergency funds from the council to feed her family. However, I've not seen anything to make me think more detailed affordability checks would likely have revealed to NewDay that Miss D was struggling financially. This is because even if NewDay had completed further investigations into Miss D's income and committed non-discretionary expenditure as I have done, I think it would've still found the borrowing it was providing her with to be sustainably affordable.

Miss D has also asked for an investigation into whether the interest rates applied to her account were reasonable. I think that Miss D was aware of the rates NewDay applied to any borrowing at the time she decided to utilise the credit. As she made this informed decision, it would be unreasonable of me to say NewDay did anything wrong in applying the interest rates to the account that it said it would.

So, I've not seen anything to persuade me that NewDay made unfair lending decisions in relation to the account opening or any of the subsequent limit increases. I understand Miss D is now struggling to repay the borrowing. She should reach out to NewDay to discuss options for repaying what she owes and I remind NewDay of its obligations to treat her fairly in relation to any financial difficulties she might be experiencing.

In reaching my conclusions, I've also considered whether the lending relationship between Miss D and NewDay might have been unfair to Miss D under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that NewDay did not lend irresponsibly when providing Miss D with the credit card and the subsequent credit limit increases, or otherwise treat her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

While it'll likely come as a disappointment to Miss D, I won't be upholding her complaint against NewDay Ltd trading as John Lewis Partnership Card for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 18 February 2026.

Jenny Hiltunen  
**Ombudsman**