

## The complaint

With the help of a professional representative (PR), Mr S complains that NewDay Ltd trading as Aqua lent to him irresponsibly. For ease, I'll refer to the actions of the PR as being those of Mr S.

## What happened

Mr S applied for and received a credit card with NewDay. The credit limits agreed were as follows:

Date	Event	New credit limit
30 September 2013	Account opening	£500
23 September 2015	Credit limit increase (CLI) 1	£1,000
22 April 2016	CLI2	£1,800
26 January 2017	CLI3	£2,800

Mr S's limit was gradually decreased from July 2020 until it reached £250 in February 2023. The account was repaid in full in April 2023.

In March 2024, Mr S complained to NewDay. He said it shouldn't have opened the card initially and was irresponsible to increase his credit limit. If NewDay had properly assessed whether he could afford the credit, he said it would have seen he was experiencing financial difficulties and was in a financially vulnerable position. To resolve his complaint, Mr S asked NewDay to refund all interest charges and other fees paid by him, together with statutory interest at 8%.

NewDay looked into Mr S's complaint and issued a final response letter. It said it had used information provided by Mr S as well as credit reference agency information which included his expenditure and credit commitments, in order to reach its initial agreement for the card. It said it conducted a similar review each time it increased his limit and considered how he used the account. NewDay said it was confident the account and increases were provided responsibly and didn't uphold the complaint.

Mr S didn't accept NewDay's response, so he referred his complaint to our service. Our investigators looked into it. They felt NewDay had carried out sufficient checks before opening the account and agreeing the initial limit of £500. But they felt NewDay ought to have done more prior to increasing his limit as his external debt was growing. But they said even if NewDay had done more, it would still have increased his limit as it appeared Mr S had sufficient disposable income to sustain the limits. Our investigators didn't uphold the complaint.

Mr S didn't agree with our investigators. He focussed his disagreement on the increase in the limit to £1,000. As there was no agreement the complaint has been passed to me for 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

NewDay needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mr S irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did NewDay carry out reasonable and proportionate checks to satisfy itself that Mr S was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did NewDay make a fair lending decision?
- Did NewDay act unfairly or unreasonably towards Mr S in some other way?

NewDay had to carry out reasonable and proportionate checks to satisfy itself that Mr S would be able to repay the credit sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the repayments and the overall circumstances of the borrower.

I note that Mr S hasn't disagreed with our investigators that the account opening was reasonable and has instead questioned their view regarding the limit increases. For completeness, I agree with our investigators' opinion, so I'll focus my decision on the limit increases and will not discuss the account opening further as there is no longer a dispute in that regard.

The earliest credit information we have with regards to Mr S is from September 2014. I don't find this surprising as businesses aren't obliged to hold records indefinitely. But I've looked carefully at the credit report information NewDay gathered each month, focussing most closely on the data where Mr S's credit limit was increased.

In September 2014, Mr S had around £9,500 of credit elsewhere and it was up to date at the time. He had defaulted on a credit agreement but that was almost six years ago and so I don't think it would have been a concern for NewDay (it would drop off his credit report the following month).

His debt was fairly steady until August 2015 when it increased to around £13,500 just a month before NewDay increased his limit (CLI1). He had also missed a payment to other creditors that month too. By CLI2, his debt had increased to £25,904 (£20,059 to credit cards) and again he'd missed a repayment to another creditor. And by CLI3, his debt had grown to £39,342 in total, while his credit card debt had fallen slightly to £18,604.

So each time NewDay reviewed Mr S's credit report and considered increasing his limit, it would have seen his debt had increased significantly. I think at least, it ought to have confirmed Mr S's income to ensure the limits proposed would be affordable for him. I don't think the checks for the credit limit increases were reasonable and proportionate.

I think it would have been prudent for NewDay to have taken a closer look at Mr S's financial circumstances before offering Mr S each increase. The regulations are silent on how lenders

should check a consumer's circumstances, but one way of doing so might be to look at the borrower's bank statements which generally provide a good picture.

Mr S has provided bank statements for a few months prior to each credit limit increase. I can see that the account is a joint account with Mr S's partner and it shows both parties income and general household expenses, as well as several payments to creditors.

For the three months prior to CLI1, the income into the account averaged £1,750 or so and the nondiscretionary expenditure averaged £630, meaning Mr S had a disposable income of around £1,100. It is my view that this is sufficient to cover normal discretionary expenditure plus any extra repayments to NewDay for the increase offered.

Prior to CLI2, the income average £2,300 and nondiscretionary expenditure averaged £530. While the income varied significantly in this period, there was still a healthy disposable income which would have allowed Mr S to meet his discretionary expenditure plus any extra repayments to NewDay.

And for CLI3, the income averaged £1,760 and the nondiscretionary expenditure was at £630. Again, I feel this left sufficient disposable income from which to meet any further repayments to NewDay.

So I think that even if NewDay had taken action to gain a better understanding of Mr S's circumstances – as I think it should – it would still have offered him the limit increases.

Mr S has disputed these figures pointing to an extra £300 towards a mortgage he had to pay each month. But even taking that into account, I think NewDay would have still felt there was sufficient disposable income for Mr S to be able to sustainably repay the credit offered.

For the reasons I've explained, while I think NewDay ought to have carried out further checks, I think it reached fair decisions to lend to Mr S.

#### Did NewDay act unfairly or unreasonably towards Mr S in some other way?

I've looked closely at all the information provided by each party to this complaint. I can see that eventually Mr S did use all of the credit NewDay made available to him. But he didn't do so all at once - or very quickly after the increases were agreed - which suggests he wasn't 'credit hungry' at the time. He did however, exceed the limit on a few occasions by up to £100. But I've seen nothing which suggests Mr S contacted NewDay with concerns about meeting the repayments and he didn't enter into payment plans with it at any time.

After the limit was exceeded, NewDay began to reduce his limit every few months in line with his balance, reducing his reliance on credit. Ultimately, he's been able to repay what he borrowed in full. All things considered, I've seen nothing which suggests NewDay treated Mr S unfairly in some other way.

For the reasons I've already given, I don't think NewDay lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

#### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or

reject my decision before 14 November 2025.

Richard Hale  
**Ombudsman**