

The complaint

Miss H complains that NewDay Ltd trading as Aqua lent irresponsibly when it approved her credit card application.

What happened

Miss H applied for an Aqua credit card in May 2022. In her application, Miss H said she was earning £14,693 a year that Aqua calculated left her with £1,174 a month after deductions. A credit search found Miss H had six defaults, the most recent of which was registered 22 months before her application was made. No other adverse credit or recent missed payments were noted on Miss H's credit file. Debts of around £2,000 were also found on Miss H's credit file with monthly repayments totalling £195. Aqua applied an estimate for Miss H's general living expenses of £480 a month. No deduction was made for Miss H's rent or housing costs. Aqua applied its lending criteria and says Miss H had a disposable income of £498 a month. Aqua approved Miss H's application, issuing a credit card with a limit of £450.

Last year, representatives acting on Miss H's behalf complained that Aqua lent irresponsibly and it issued a final response. Aqua said it had carried out the relevant lending checks before approving Miss H's application and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss H's complaint. They thought Aqua completed reasonable and proportionate checks before approving Miss H's application and weren't persuaded it lent irresponsibly. Miss H's representatives asked to appeal and said the information on her credit file should've shown Aqua she was already in financial difficulties when she applied. They also said the disposable income figure Aqua reached was inconsistent with reality. As Miss H's representatives asked to appeal her complaint has been passed to me to make 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 Aqua had to complete reasonable and proportionate checks to ensure Miss H 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.

Having considered the information available, including the affordability checks completed by Aqua, I note no allowance was made for her rent or housing costs. That means the disposable income figure of £480 it reached was higher as a result. I also think the fact Miss H had a number of defaults on her credit file that were less than two years old shows she'd previously experienced some financial difficulties. I think Miss H's representatives made a reasonable point when they said Aqua's lending checks could've gone further.

With that said, I can see that when the investigator contacted Miss H's representatives to notify them her complaint was being referred for appeal, they requested her bank statements for the three months before her application to Aqua was made. But it's now over a month since that request was sent and no additional information has been supplied. As the bank statements haven't been provided, I've reviewed the file as it stands.

As noted above, Aqua asked Miss H about her income when she applied. Aqua also carried out a credit search and found Miss H had existing debts of around £2,000 and took the monthly repayments of £195 into account when completing its lending assessment. I accept defaults were found on Miss H's credit file but they were almost two years old at the point of application. And there was no evidence of recent missed payments on the credit file information Aqua obtained indicating her situation had stabilised. In response to the investigator, Miss H's representatives said her credit file showed she'd gone over her credit limit on other commitments 11 times in the preceding three months. But I've looked at the credit file provided and didn't see evidence to support that claim.

I also think our investigator made a reasonable point when they said the credit limit of £450 was low which reduced the potential for financial harm. Even accepting the affordability assessment missed Miss H's housing costs, I'm satisfied the information on file indicates she was able to sustainably afford repayments to a new credit card with a £450 limit. I'm sorry to disappoint Miss H but, for the reasons I've noted above, I haven't been persuaded Aqua lent irresponsibly. As a result, I'm unable to uphold Miss H's 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 Aqua lent irresponsibly to Miss H or otherwise treated her 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 Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 October 2025.

Marco Manente
Ombudsman