

The complaint

Miss M complains that NewDay Ltd trading as Aqua (NewDay) increased her credit limit on her credit card on several occasions, which she could not afford to repay.

What happened

In April 2025, Miss M complained to NewDay to say that it shouldn't have given her the limit increases on her credit card. She said that had NewDay completed appropriate affordability checks it would have seen that the credit was unaffordable for her.

NewDay didn't uphold the complaint. It said that it had carried out appropriate checks which showed that Miss M 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 for all credit limit increases.

Miss M didn't agree, mainly because the income figure used by NewDay to assess affordability she says was incorrect, as it includes payments that were irregular. Miss M has explained that the impact of the irresponsible lending has severely affected her mental health and lifestyle.

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 M's circumstances.

I note that our investigator made findings regarding the account opening, however I can see from Miss M's complaint form that she complains only about the credit limit increases in relation to her credit card account with NewDay. Because of this, I will focus on the increases to the credit limit only in my decision.

Credit limit increase one – from £250 to £1,250 in December 2020

At the time of every credit limit increase, NewDay conducted a credit check. These checks revealed some signs of past financial difficulties.

I can see from the credit checks that Miss M had default markers against four different accounts. However, the most recent of these defaults took place around 19 months before this lending decision. I consider this length of time to be not a reflection of Miss M's financial situation at the time of this lending decision. I don't think NewDay needed to complete further checks due to these defaults.

I can also see that Miss M had been in arrears on at least one credit account, but that these had been brought up to date. NewDay's credit checks showed that by the time the limit was increased Miss M hadn't been in arrears on any of her credit commitments for at least the previous 12 months. Because there was no other sign of any recent adverse entries on the credit check, I don't think NewDay would've needed to complete further investigations here.

NewDay also needed to consider how Miss M was managing the NewDay account. In the months leading up to the limit increase I don't think there were any signs she might have been struggling. I can see she was regularly paying more than the minimum payment, sometimes a substantial amount more. She was making her payments on time and staying within the agreed credit limit.

At every lending decision, NewDay also completed checks into Miss M's income and expenditure and assessed whether the increases would be affordable. Prior to the first limit increase NewDay verified Miss M's income to be around £2,400. Miss M had other unsecured lending at the time totalling around £4,240. NewDay used credit reference agency and statistical data to calculate an estimate of Miss M's monthly disposable income of around £1,410.

I think the checks NewDay completed here were proportionate to the increase in borrowing to £1,250. I say this because there were no signs on the credit check to show recent financial struggle and the checks revealed Miss M appeared to have enough income to afford her outgoings.

I think NewDay would've had no concerns with the size of Miss M's disposable income when making a decision to increase the borrowing at this stage. I consider a figure of around £1,410 disposable income to be more than enough for Miss M to comfortably and sustainably afford the repayments towards an increase in borrowing to £1,250. It follows that I think NewDay made a fair lending decision when it increased Miss M's credit limit to £1,250.

Credit limit increase two – from £1,250 to £2,250 in August 2021

The credit check at this stage shows that in April and May 2021 Miss M was charged overlimit fees in this credit card account. By June 2021 she had brought the account back into the agreed limit. Because NewDay should've known Miss M had breached the limit it had provided so recently, I think this should have flagged that Miss M could've been struggling financially and further checks should've been completed to investigate this. I think it ought to have done more to establish what Miss M's essential expenditure was, rather than relying on statistical estimates.

I have looked at the bank statements Miss M has provided and considered her financial circumstances at the time. I'm not suggesting NewDay needed to review her bank statements as part of any proportionate affordability assessment. But, I think the statements give a good indication of what NewDay would likely have learned about her financial circumstances had it done more.

I note that Miss M mentions she received gifts of money for her birthday prior to this increase. She also says she was made redundant in April 2021 and received a modest pay

out for this. She doesn't think these forms of income should be included when assessing her affordability at the time. However, I don't think NewDay's checks could reasonably have established where Miss M's income was coming from. It carried out checks which showed that her regular income appeared to be around £2,900 per month. I've not seen any reason why it ought to have questioned that further, particularly as this wasn't too dissimilar to what it had found out when it last checked her income. While Miss M says she was made redundant, it appears she entered into other employment soon afterwards. From what I've seen, Miss M's income more than covers her essential outgoings and she appears to have sufficient disposable income to afford an increase in her borrowing. This means I don't think more thorough affordability checks would likely have led to any different lending decision.

Aside from being over her agreed limit, the credit check showed no concerns with the way Miss M was managing her finances. Because of this and because Miss M appeared to be able to sustainably afford an increase to her borrowing, I think NewDay made a fair lending decision when it increased Miss M's borrowing to £2,250.

Credit limit increases from February 2022 until August 2023 – five separate increases taking the limit from £2,250 to £7,700

The credit checks completed from the third credit limit increase in February 2022 through to the seventh and final credit limit increase in August 2023 showed there were no signs of any recent financial difficulties. There was no new adverse information such as late payments or default markers present on any of the credit checks. Although her overall unsecured credit commitments had steadily risen, it appeared to still be a manageable level of borrowing when compared to Miss M's income and essential outgoings. Based on this, I think it's fair that NewDay considered all accounts were being managed well by Miss M at the time of each lending decision and that she could sustainably afford to repay the additional borrowing.

Our investigator thought that due to the size of the increases to the borrowing, NewDay should've completed further checks into Miss M's finances. However, I don't think this was necessary in this specific case. NewDay could see from the checks of Miss M's credit files that there were no signs of financial difficulties at any point when these increases took place.

NewDay also calculated Miss M's disposable income by verifying her income at each stage and estimating her expenses using credit reference data. These calculations all totalled more than £1,400 disposable monthly income at the time of every lending decision.

I don't think the way Miss M had been managing her NewDay account ought to have caused NewDay any concerns. She had made her repayments on time, sometimes paying more than the minimum required, and on two occasions making substantial repayments exceeding £1,500. Based on this, I don't think NewDay had any concerns about whether Miss M could afford any of the increases to her borrowing. Because of this, I don't think conducting any further checks would've been proportionate in these circumstances.

The highest credit limit NewDay gave to Miss M was £7,700. As explained above, NewDay reasonably believed that Miss M had at least £1,400 of disposable income per month available to her. I consider this level of disposable income to be significant enough for NewDay to think Miss M could comfortably afford repayments for any increase up to £7,700 and that this would be sustainable. Because of this, I think that NewDay made a fair lending decision when it increased Miss M's borrowing at every stage up to £7,700.

Miss M largely disagreed with our investigator's view into her complaint because she says NewDay accounted for various irregular payments that were not consistent sources of income. She mentions child maintenance payments, gifts from family, overtime and ad-hoc

payments from friends or relatives. Whilst I accept that one-off payments such as gifts shouldn't be considered income, the child maintenance is an income that she is receiving. Although Miss M says this was to spend on behalf of her children, it was nevertheless income she was using to pay some of her essential expenditure. The checks NewDay completed wouldn't have necessarily been able to differentiate between the types of income Miss M received. But even if it had known, I think it's reasonable for NewDay to have taken into account some of those anyway, such as the child maintenance. If it didn't, it wouldn't be taking into account Miss M's true financial circumstances. Also, as explained above, 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 NewDay acted unfairly in the way that it completed its income verification checks in this specific case.

Miss M has told us about her mental health and how this impacts her spending. I'm sorry to hear about this, however, I cannot see that she declared this to NewDay when any of the lending decisions were made. Because of this, I can't say it's reasonable that NewDay knew she may have been struggling financially and I can't hold it liable for not taking this into account when making the decision to increase any of the credit limits.

Miss M also mentions that she took out several different loans and some of that borrowing was paid towards this account. It's not unusual for customers to try to consolidate their debts and usually in doing so they will reduce the cost of their borrowing. I can see that the checks completed at every stage by NewDay showed the total of unsecured debt Miss M had and this was accounted for when considering her disposable income. I don't think there was anything in these checks that would have made it clear to NewDay Miss M was using other borrowing to repay credit with NewDay.

So, I've not seen anything to persuade me that NewDay made unfair lending decisions in relation to any of the credit limit increases.

In reaching my conclusions, I've also considered whether the lending relationship between Miss M and NewDay might have been unfair to Miss M 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 M the credit limit increases, or otherwise treat her unfairly in relation to the matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of the complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 14 January 2026.

Jenny Hiltunen
Ombudsman