

The complaint

Mr B complains that NewDay Ltd was irresponsible in its lending to him. He wants all interest and charges on his account refunded along with 8% statutory interest, any negative information removed from his credit file and an acknowledgment of the impact this has had on his health and finances.

What happened

Mr B was provided with two credit card accounts by NewDay, the details of which are set out below.

Marbles account

Date	Event	Credit limit
July 2018	Account opening	£450
March 2019	First limit increase	£1,200
July 2020	Second limit increase	£1,250
June 2021	Third limit increase	£2,750
January 2022	Fourth limit increase	£3,000

Aqua account

Date	Event	Credit limit
October 2020	Account opening	£250
July 2021	First limit increase	£1,000
December 2021	Second limit increase	£2,000

Mr B said that when he applied for the credit cards and when the credit limit increases were applied, he was struggling financially, constantly in his overdraft, relying on payday loans and making high-value gambling transactions. He said the additional lending made his financial circumstances worse and put a huge strain on his physical and mental health.

NewDay issued a final response dated 7 February 2025. It said that it was satisfied that Mr B's Aqua account had been provided responsibly therefore it didn't uphold his complaint in regard to this. However, it did uphold Mr B's complaint about his Marbles account from the

first credit limit increase in March 2019.

Mr B referred his complaint to this service.

Our investigator thought that reasonable checks were carried out before the Marbles account was opened and he thought this lending decision was fair. As NewDay had upheld Mr B's complaint about this account from the first credit limit increase he didn't consider this further. Regarding the Aqua account, our investigator thought the checks carried out before the account was opened were reasonable and based on these, he thought the decision to open the account was fair. But, he thought that further checks should have taken place before the first limit increase was applied and that had these happened, they would have shown that Mr B was struggling financially and that the limit increase wouldn't have been sustainable. Therefore, he upheld this complaint on the Aqua account from the first credit limit increase.

NewDay accepted our investigator's view.

Mr B said that NewDay should never have allowed him to hold two credit cards at the same time, especially given his financial situation. He said that when the Aqua credit card was issued, NewDay would have been able to see that he had significant usage of his Marbles credit card, was regularly carrying large balances and was financially overextended with signs of financial distress including gambling and payday lending.

Our investigator responded to Mr B's comments but as these didn't change his view, and 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.

Mr B was provided with two credit card accounts on which credit limit increases were applied. Mr B said that the lending wasn't responsible and in response to this, NewDay upheld his complaint in regard to his Marbles card from the first credit limit increase. It provided redress for this which was in line with what we would expect and so I haven't considered the credit limit increases on the Marbles card any further.

Mr B referred his complaint to this service, and our investigator upheld the complaint in regard to the credit limit increases on the Aqua credit card account. NewDay accepted this and so I haven't considered these credit limit increases any further.

The outstanding issues are whether NewDay acted in a responsible way when it opened the Marbles and Aqua credit card accounts. Specifically, Mr B has said that the Aqua credit card shouldn't have been issued given his existing Marbles account and his financial circumstances at the time.

Marbles account opening: July 2018

As part of Mr B's application for his Marbles credit card he declared an annual income of £17,000 which gave a net monthly income of around £1,211. A credit check was undertaken which showed it was 49 months since Mr B's last default, and he wasn't subject to any county court judgments. Mr B's payments for his existing credit commitments were around £93. An affordability assessment was carried out which included the payments for Mr B's existing credit commitments, housing and other living costs. This identified Mr B as having disposable income of around £370.

The initial credit limit on Mr B's Marbles credit card was £450. Given this was a relatively low credit limit, and Mr B's credit check didn't raise any major concerns I find the checks carried out before the credit card was issued were proportionate. As these didn't raise concerns about Mr B's level of debt or how he was managing his existing credit and as the check showed the initial credit limit to be affordable for Mr B, I do not find I can say that NewDay was wrong to open the account.

Aqua account opening: October 2020

Mr B applied for a second credit card with NewDay in October 2020. This was an Aqua credit card with an initial credit limit of £250. I note Mr B's comment about the provision of a second credit card but there isn't anything that meant NewDay wasn't allowed to provide further products to Mr B. However, as Mr B was an existing customer, I would have expected NewDay to use the data available to it from his existing account, along with the other data it collected through its checks, to ensure that the additional credit would be affordable for him.

At the time of application, Mr B declared his annual income as £28,000 which gave a net monthly income of around £1,721. A credit check was undertaken. Noting the size of the credit limit being offered, I think the data gathered, alongside an assessment of Mr B's existing account data would have provided NewDay with enough information to decide whether this new credit card should have been provided. I have therefore considered the results of NewDay's checks and the Marbles account data from the time to decide whether this was a fair lending decision.

The credit check showed that it was 33 months since Mr B's last default, this was a lower number of months than had been recorded in the application for the Marbles credit card, but I accept this would still be considered historic. Mr B's credit commitments were recorded as around £390, and I can see from the Marbles data from that time that Mr B's outstanding debt was around £6,000 which consisted of loans and credit cards and that the repayments were in line with the £390 recorded. In the six months leading up to October 2020, Mr B had only made one cash advance on his Marbles card and had incurred no late or overlimit fees. He had also been making payments above the minimum required. Therefore, I do not think that his Marbles account management was such that the new Aqua credit card shouldn't have been given.

The Aqua credit card had an initial credit limit of £250. I have looked through the affordability data and based on his repayments to existing creditors and this additional credit I do not find that his overall costs of debt should have raised concerns. NewDay included amounts for Mr B's housing and living costs. I have compared these to figures it identified when a check was carried out on the Marbles account in July 2020. The amounts used in the October 2020 assessment were lower than those NewDay identified in July 2020, but even if the higher numbers were used this would still leave disposable income of around £380 for Mr B to make payments towards his Aqua credit card and any other costs. Therefore, I do not find I can say that the Aqua credit card, with the initial credit limit of £250, appeared unaffordable.

In conclusion, for the reasons set out above, I do not uphold this complaint about the initial account openings. It has been accepted that the complaint is being upheld with regard to the credit limit increases on both cards.

I've also considered whether NewDay acted unfairly or unreasonably in some other way given what Mr B has complained about, including whether its relationship with Mr B might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr B in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

For the Marbles account, NewDay has already put things right by refunding fees and proportionate interest from March 2019 and applying this refund to reduce Mr B's outstanding balance.

For the Aqua account, I don't think NewDay should have increased Mr B's credit limit above £250. So, I don't think it's fair for it to charge any interest or charges on balances above £250 from 23 July 2021. However, Mr B has had the benefit of the money he spent, so I think he should pay this back.

Therefore, NewDay should:

- Rework the Aqua account removing all interest, fees, charges and insurances that have been applied to balances above £250 from 23 July 2021.
 - If the rework results in a credit balance, this should be refunded to Mr B along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. NewDay should also remove all adverse information recorded from 23 July 2021 regarding this account from Mr B's credit file.
 - Or, if after the rework there is still an outstanding balance above £250, NewDay should arrange an affordable repayment plan with Mr B for the remaining amount. Once Mr B has cleared the outstanding balance, any adverse information recorded from 23 July 2021 in relation to the account should be removed from his credit file.

*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Mr B a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

My final decision

My final decision is that NewDay Ltd should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 January 2026.

Jane Archer
Ombudsman