

The complaint

Mr Q, who is represented by a third party complains that NewDay Ltd ('NewDay'), trading as Aqua, irresponsibly granted him a credit card account he couldn't afford to repay.

What happened

Mr Q entered into an agreement with NewDay to have access to credit by way of a credit card account. The account was opened in December 2020 with a credit limit of £900. There then followed seven credit limit increases: April 2021 to £1,900; August 2021 to £3,150; April 2022 to £4,400; August 2022 to £4,850; December 2022 to £5,300; November 2023 to £6,050 and finally in March 2024 to £7,050.

Mr Q says NewDay didn't complete adequate affordability checks when it opened his account. He says if it had, it would have seen that both the opening and then each of the limit increases weren't affordable for him and that his financial situation worsened as result.

NewDay said it carried out an appropriate and proportionate assessment to check Mr Q's financial circumstances before granting him the card account and each of the credit limit increases.

Our investigator didn't recommend the complaint be upheld. She thought NewDay didn't act unfairly or unreasonably by approving the account and each of the credit limit increases.

Mr Q didn't agree and so his 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr Q's complaint.

Account opening

Before opening the account, I think NewDay gathered a reasonable amount of evidence and information from Mr Q about his ability to repay. I say this because it asked for details about his income, job and other information relating to his financial situation, including details about money he owed elsewhere. NewDay also completed a credit check which showed no recent adverse information, except for a default 11 months earlier. In the particular circumstances of this complaint, I don't consider that was enough on its own for NewDay to reconsider whether to open the account.

However, just because I think NewDay carried out proportionate checks, it doesn't automatically mean it made a fair lending decision. So, I've thought about what the evidence and information showed.

Having reviewed the information and evidence NewDay gathered, I'm satisfied that the checks that were completed showed that the agreement was likely to be affordable to Mr Q. I say this because Mr Q was at the time earning an annual income of £18,000 a year which worked out to around £1,265 in net monthly income. He owed around £230 in other credit. As I've said he hadn't had any recent arrears or account defaults and had no County Court judgments.

All of this suggests Mr Q was likely to have been in a reasonably stable position financially at the time the account was opened. So I don't think NewDay acted unfairly when approving the finance application.

Credit limit increases

For the credit limit increases, I'm in broad agreement with our investigator's findings.

Having reviewed the data relied upon by NewDay for each increase, except for the fourth increase to £4,850 in August 2022, I think the lending decisions were reasonable, having proper regard to the way Mr Q had been using his account and how he was getting on with borrowing elsewhere. I say this having taken on board that he went over his limit for a while after the fifth and sixth credit limit increases – but without enough evidence to show or suggest that he might have been getting into financial difficulty. I can't see anything else in the information that was available to NewDay at the time to of each of these increases to suggest that Mr Q might be getting into difficulty, either with the card or debt he held elsewhere.

The issue I have with the fourth credit increase is the absence of details about Mr Q's income and his living costs. Without that, I can't fairly say that NewDay had done enough to ensure that Mr Q could afford to repay the new increase and do so on a sustainable basis. So I've thought about what NewDay might have seen had it carried out better checks at this point.

In the absence of anything else, I've reviewed three months of bank statements leading up to the decision to increase the credit limit. I think this gives a good indication of what NewDay would likely have discovered in the absence of having access to other details about Mr Q's overall financial situation at this point.

The statements show that Mr Q was receiving a net monthly income of around £1,400-£1,500 per month. As he was living at home at this time, his committed costs were a bit more limited – he's told us that aside from the credit he owed he was paying for the household food costs and the running cost of his car, totalling around £350 per month. Our investigator worked out from the bank statement that he was having to find just over £900 each month in total. From my own review that looks to be representative of a typical month. That means, he'd be left with at least £600 by way of disposable income each month. My one concern here is that I've seen that Mr Q took out a high-cost loan at the beginning of the month. That means his total credit repayments were going up and it could potentially suggest he might be getting into financial difficulty. However, I can't see any further evidence to support that, so on balance I agree this increase looked likely to be affordable. Had NewDay carried out better checks at this time I think it would have discovered that too. NewDay therefore didn't act unfairly by opening the account and going on to increase Mr Q's credit limits.

Finally, those representing Mr Q have flagged up his online gambling as being something NewDay ought to have been aware of. I've seen where this appears on his bank statements from time to time, including in August 2022. Mr Q's financial situation didn't appear to be deteriorating as a result – at least not to the extent that we could expect NewDay reasonably

to have known about it from their checks, which were adequate. Also, it was open to Mr Q to volunteer information about it at any point if he wished to, especially if it meant he was financially stretched and having difficulty meeting his monthly payments.

In summary, the available evidence and information I've seen demonstrates that Mr Q appears to have had enough disposable income each month to make regular, sustainable repayments towards the initial opening limit and each of the credit limit increases.

As I'm not persuaded that NewDay acted unfairly, I don't think they need to do anything to put things right.

I've considered whether the relationship between Mr Q and NewDay 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 NewDay lent irresponsibly to Mr Q or otherwise treated him 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

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 8 December 2025.

Michael Goldberg
Ombudsman