

The complaint

Ms S complains that NewDay Ltd have irresponsibly lent to her.

Ms S is represented by a Claims Management Company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Ms S herself.

What happened

Ms S was approved for a NewDay branded credit card in September 2020 (which I will refer to as A in this decision), with a £450 credit limit. I have detailed the credit limit increases for A below:

October 2021	£450 to £1,450
January 2022	£1,450 to £2,200
May 2022	£2,200 to £2,900

Ms S was approved for another NewDay branded credit card in July 2021 (which I will refer to as B in this decision), with a £900 credit limit. I have detailed the credit limit increases for B below:

December 2021	£900 to £1,500
April 2022	£1,500 to £2,500
August 2022	£2,500 to £3,100

Ms S says that NewDay irresponsibly lent to her. Ms S made a complaint to NewDay, who did not uphold her complaint. They said the lending was provided responsibly. Ms S brought her complaint to our service.

Our investigator did not uphold Ms S' complaint. She said NewDay's lending decisions appeared to be informed, affordable and proportionate. Ms S asked for an ombudsman to review her complaint. She made a number of points.

In summary, Ms S' said the figures NewDay used for her income were inconsistent and declining, the rent expenditure NewDay used declined without explanation, her debt rose, and her disposable income fell. Ms S says she took cash advances in early 2022, and this was not provided with additional caution from NewDay during affordability assessments.

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.

Firstly, I'm aware that I've only summarised Ms S' complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply

reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve or increase the credit available to Ms S, NewDay needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks NewDay have done and whether I'm persuaded these checks were proportionate. I will list these in date order of the lending decision.

Acceptance for A

I've looked at what checks NewDay said they completed prior to accepting Ms S' application. I'll address the further lending decisions later on. NewDay said they looked at information provided by Credit Reference Agencies (CRA's) and information that Ms S had provided before approving her application.

The information showed that Ms S had declared a gross annual income of £15,500. The CRA reported that Ms S had an Individual Voluntary Arrangement (IVA) in the last three years, but she wasn't currently bankrupt. The CRA reported no defaults, and no public records such as a County Court Judgement (CCJ).

Ms S was not showing as being in arrears on any of her active accounts at the time of NewDay's application checks for A. The CRA also reported she hadn't been in arrears on any of her active accounts for the six months prior to NewDay's checks.

Ms S was showing as having an active debt to gross annual income of 58.02%, which would have equated to her having around £8,993 of active unsecured debt. NewDay also completed an affordability assessment using information from the CRA's and modelling to assess Ms S' outgoings. The affordability assessment showed that the repayments for a £450 initial credit limit should be affordable and sustainable for Ms S.

So I'm persuaded that NewDay's checks were proportionate here, and they made a fair lending decision to approve A, and to provide Ms S with a £450 credit limit.

Acceptance for B

NewDay again said they looked at information provided by CRA's and information that Ms S had provided before approving her application.

The information showed that Ms S had declared a gross annual income of £16,000. The CRA did not report that Ms S had an IVA in the last three years, and the CRA reported no defaults, and no public records such as a County Court Judgement (CCJ).

Ms S was showing as having an active debt to gross annual income of 56.74%, which would have equated to her having around £9,078 of active unsecured debt. NewDay also completed an affordability assessment using information from the CRA's and modelling to assess Ms S' outgoings. The affordability assessment showed that the repayments for a £900 initial credit limit should be affordable and sustainable for Ms S.

But Ms S was showing as being in arrears on an account currently. So I'm persuaded that this should have prompted further checks from NewDay. I say this because although Ms S

may have looked like she had a sufficient disposable income to meet affordable and sustainable repayments on a £900 credit limit, if she was currently in arrears on an account, then this may not reflect Ms S' current financial situation.

Ms S also had at least one late payment on A since the account had been opened. She incurred another payment around July 2021, but it's not clear whether this was incurred prior of after B was opened.

There's no set way of how NewDay should have made further proportionate checks. One of the things they could have done was to contact Ms S to ask her why she was in arrears on an account. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

So I asked Ms S if she could provide her bank statements leading up to this lending decision. But Ms S did not provide her statements by the deadline I gave her, even though I extended the deadline for her.

So on the face of it, it does look like NewDay should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that NewDay should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Ms S hasn't provided me with the information she was asked for, that means that it wouldn't be fair for me to say that NewDay shouldn't have lent here, because I don't know what further checks would reveal.

October 2021 credit limit increase on A - £450 to £1,450

A CRA reported that Ms S' active unsecured debt was £9,606, which was not significantly higher than the last lending decision. A CRA showed that Ms S had been in arrears on an external account since A had been opened, which could be a sign of financial difficulty, although I also accept it could be an oversight as Ms S cleared the arrears in the following month.

NewDay would have also been able to see how Ms S managed A since it had been opened. Ms S incurred three late fees since A had been opened. So based on the external arrears, and Ms S' management of the account, I'm persuaded that NewDay should have completed further checks here, especially as the credit limit was more than trebling.

As I've mentioned in the previous section, there's no set way of how NewDay should have made further proportionate checks, but I asked Ms S to provide me with her bank statements leading up to this lending decision. But Ms S did not provide me with her statements by the deadline I set, even though I extended the deadline for her.

So on the face of it, it does look like NewDay should've looked more closely into this. But as Ms S hasn't provided me with the information she was asked for, that means that it wouldn't be fair for me to say that NewDay shouldn't have lent here, because I don't know what further checks would reveal.

December 2021 credit limit increase on B - £900 to £1,500

A CRA reported that Ms S' active unsecured debt was £10,283 which was not significantly higher than at the last lending decision checks. A CRA showed that Ms S had not been in arrears on an external account since B had been opened,

NewDay would have also been able to see how Ms S managed B since it had been opened.

Ms S incurred no late or overlimit fees since B had been opened. Ms S also made repayments which were higher than her minimum requested repayment, often without re-using the credit she had just repaid, which I wouldn't expect her to be able to do if she was struggling financially leading up to this lending decision.

So I'm persuaded that NewDay's checks here were proportionate, and they made a fair lending decision here.

January 2022 credit limit increase on A - £1,450 to £2,200

A CRA reported that Ms S' active unsecured debt was £10,283 which was the same as at the last lending decision on B, but I note that the lending checks were carried out in the same month, therefore the other information such as Ms S not being in arrears on an active external account was also the same.

NewDay would have also been able to see how Ms S managed A since the last lending decision. Ms S incurred no late or overlimit fees on A since the last lending decision. Although Ms S incurred cash advance fees, I need to be mindful that transactions incurring a cash advance fee are a legitimate use of the account. Ms S also made repayments which were higher than her minimum requested repayment, often without re-using the credit she had just repaid, which again, I wouldn't expect her to be able to do if she was struggling financially leading up to this lending decision.

So I'm persuaded that NewDay's checks here were proportionate, and they made a fair lending decision here.

April 2022 credit limit increase on B - £1,500 to £2,500

A CRA reported Ms S' active unsecured debt to be £12,773, which was higher than the last lending decision. Ms S had no active external accounts in arrears at the time of the checks, and she had no active unsecured external accounts in arrears since the last lending decision.

Ms S was again making repayments which were larger than her minimum requested repayment, often not re-using the credit repaid in the following month. So I'm persuaded that NewDay's checks here were proportionate, and they made a fair lending decision here.

May 2022 credit limit increase on A - £2,200 to £2,900

A CRA reported that Ms S' active unsecured debt was £12,773 which was the same as at the last lending decision on B, but I again note that the lending checks were carried out in the same month, therefore the other information such as Ms S not being in arrears on an active external account were also the same.

NewDay would have also been able to see how Ms S managed A since the last lending decision. Ms S incurred no late or overlimit fees on A since the last lending decision. Ms S also made repayments which were higher than her minimum requested repayment.

NewDay also completed an affordability assessment using information from a CRA, and modelling (which is an industry standard way of assessing outgoings), and the affordability assessment suggested that Ms S should be able to make sustainable and affordable repayments for the increased credit limit.

So I'm persuaded that NewDay's checks here were proportionate, and they made a fair lending decision here.

August 2022 credit limit increase on B - £2,500 to £3,100

A CRA reported Ms S' active unsecured debt to be £13,950 which was not significantly higher than the last lending decision. Ms S had no active external accounts in arrears at the time of the checks, and she had no active unsecured external accounts in arrears since the last lending decision.

Ms S was again making repayments which were larger than her minimum requested repayment. And she had incurred no late or overlimit fees on the account since the last lending decision. So I'm persuaded that NewDay's checks here were proportionate, and they made a fair lending decision here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that NewDay lent irresponsibly to Ms S or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 10 November 2025.

Gregory Sloanes
Ombudsman