

## **The complaint**

Mr D complains that NewDay Ltd didn't carry out appropriate affordability checks and lent to him irresponsibly when it increased credit limits on his three credit card accounts.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr D had three credit cards with NewDay under three different brand names – J, A and B. In July 2024 he raised a complaint with NewDay. He believed NewDay hadn't performed appropriate affordability checks before increasing the credit limits.

In its final response NewDay said Mr D was provided with his credit card accounts responsibly and did not uphold his complaint. So he brought it to our service.

After examining Mr D's applications, income, and expenditure our investigator concluded that NewDay ought not to have opened the J and A credit card accounts. And that it shouldn't have increased Mr D's credit limit above £900 for the B credit card account. She made a recommendation of a refund of interest, fees, charges and insurances that had been applied.

NewDay accepted the investigator's findings. Mr D accepted the findings but asked for the removal of all adverse information from his credit file prior to his credit balance being cleared. He said these negative entries would not have occurred had NewDay exercised responsible lending practices. He asked for confirmation that any remaining balance will not be sold to a third party or recorded as adverse in the future and he queried the refund amounts NewDay had calculated. So the complaint has come to me for 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.

As both parties accepted our investigator's conclusions regarding the lending decisions made by NewDay I don't need to look at these further. My role here is to decide on a fair and reasonable remedy.

Mr D has largely accepted the specifics of the remedies our investigator recommended but has raised the following concerns which I have addressed.

### *Credit file*

Mr D has requested the removal of all negative information from his credit file prior to the repayment of the outstanding balances. Our approach is to ask the business to remove adverse credit information only after any existing balance is repaid. Where a consumer has been unfairly provided with credit it's not possible to put him back in the position he was in if the credit had not been provided. Mr D has had the benefit of the credit and has used the

funds. Where a balance is still outstanding it's fair that this is reflected on Mr D's credit file so that future lenders can take this into account. In addition, removing adverse credit won't stop NewDay from re-recording this should Mr D fall behind or fail to pay what's still owed. This could lead to negative markers or a default appearing on his credit file for longer than the usual six years.

We did ask NewDay if it was willing to remove any adverse markers and it said as per its process, information will not be updated until the accounts have been paid in full.

### *Refund amounts*

NewDay provided details of the proposed refund amounts (interest and charges). Mr D has disputed these amounts. He has said these figures do not reconcile with the payments he has made. He believes the redress calculated by NewDay is substantially lower than it should be. He's asked for a full breakdown for each account showing, month by month, the interest and fees charged and the payments received. I understand Mr D's concern. But we are an informal dispute resolution service and it's not our role to audit the calculations carried out by NewDay. Mr D can request copies of his statements and if he remains concerned he should address this calculation directly with NewDay.

### *8% simple interest*

Mr D has said NewDay hasn't confirmed the application of 8% simple interest. He said this should be included in the redress calculation to ensure full and fair compensation. This is already part of the redress. I will instruct NewDay to ask Mr D if the 8% interest should be paid directly to him or used to reduce the balance owed.

### *Debt purchaser*

Mr D said as the case involves unaffordable lending in excess of £1,000, he did not believe such accounts should have been allowed to be sold to a debt purchaser while the affordability dispute remained unresolved. We have no regulatory or disciplinary role over a business. So I'm unable to require NewDay to change the way it conducts its business, in this case selling or buying back the debt. My role is to look at the individual circumstances of each complaint.

## **Putting things right**

To put things right:

### J and A Accounts:

NewDay must:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be refunded to Mr D 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 regarding this account from Mr D's credit file.
- Or, if after the rework there is still an outstanding balance, NewDay should arrange an affordable repayment plan with Mr D for the remaining amount. Once Mr D has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

## B Account:

Mr D has had the benefit of all the money spent on the account so this should be paid back. NewDay should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £900 after 14 September 2022
- If the rework results in a credit balance, this should be refunded to Mr D 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 after 14 September 2022 regarding this account from Mr D's credit file.
- Or, if after the rework the outstanding balance still exceeds £900 NewDay should arrange an affordable repayment plan with Mr D for the remaining amount. Once Mr D has cleared the outstanding balance, any adverse information recorded after 14 September 2022 in relation to the account should be removed from his credit file.

\*NewDay should ask Mr D if any interest should be paid directly to him or used to reduce the balance owed. HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Mr D 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 I uphold this complaint and NewDay Ltd must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 15 December 2025.

Maxine Sutton  
**Ombudsman**