

The complaint

Mrs J complains that NewDay Ltd trading as Pulse lent irresponsibly when it approved her credit card application and later increased the limit.

What happened

Mrs J applied for a Pulse credit card in November 2021. In her application, Mrs J said she was employed with an annual income of £22,124 that Pulse calculated left her with around £1,620 a month after deductions. A credit search was completed that found Mrs J had existing unsecured debts of around £9,000 and was making monthly repayments of £320. No adverse credit like County Court Judgements, IVAs, defaults or recent missed payments were found on Mrs J's credit file. Pulse carried out an affordability assessment using estimates based on statistical data for Mrs J's rent and general living expenses totalling £734 a month. After applying its lending criteria, Pulse says Mrs J had a disposable income of around £439 a month. Pulse approved Mrs J's application and issued a credit card with a limit of £500.

Around a month after Mrs J's credit card was opened Pulse approved a limit increase to £900.

Mrs J used her credit card and Pulse went on to increase the limit to £1,900 in April 2023 and £2,900 in May 2024. Pulse says that before each increase it checked Mrs J's credit file, account history and completed new affordability assessments.

More recently, Mrs J complained that Pulse lent irresponsibly and it issued a final response. Pulse said it had carried out the relevant lending checks before approving Mrs J's application and increasing the limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Mrs J's complaint. They thought Pulse had completed reasonable and proportionate checks before approving Mrs J's application and then increasing the limit to £900 a month later. But the investigator thought Pulse should've carried out more detailed lending checks before approving the later credit limit increases and looked at her bank statements for the preceding months. The investigator thought Mrs J's bank statements showed she was able to sustainably afford repayments to the increased credit limits and didn't agree Pulse lent irresponsibly.

Mrs J didn't agree with the investigator's view of her complaint. Mrs J said her bank statements showed she wasn't able to afford the increased repayments. Mrs J said her outgoings were higher than the figures used by the investigator. Mrs J also said her unsecured debt levels had increased and that she would've been able to manage the repayments if Pulse hadn't increased the limit in April 2023 to £1,900 and May 2024 to £2,900. As Mrs J asked to appeal, her complaint has been passed to me to make 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.

Before agreeing to lend or increasing the credit limit, the rules say Pulse had to complete reasonable and proportionate checks to ensure Mrs J could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Pulse considered when assessing Mrs J's application above. I'm going to deal with the application and initial credit limit increase together as both were approved within a month of each other. I can see Mrs J confirmed her income and a net monthly figure of £1,620 was used. The credit search found no adverse credit, defaults or any recent missed payments. I can see Mrs J had existing debts of around £9,000 and I'm satisfied they were well maintained. In addition, Pulse carried out an affordability assessment using estimates for Mrs J's housing costs and general living expenses totalling £734 as well as her repayments of £320 a month. That's an approach Pulse is allowed to take under the relevant lending rules.

I think it's fair to say the initial credit limits of £500 and £900 were reasonably modest which reduced the potential impact from financial harm. Pulse reached the view Mrs J had a disposable income of around £439 a month which would've been sufficient to sustainably manage repayments to a credit card with an initial limit of £500 then an increase to £900. In my view, the level and nature of checks completed were reasonable and proportionate to the £500 credit limit Pulse approved. And I'm satisfied the decision to approve Mrs J's application was reasonable based on the information Pulse obtained. I haven't been persuaded Pulse lent irresponsibly when it approved Mrs J's application and then increased the limit to £900.

The credit limit was increased to £1,900 in April 2023. I note that in the preceding six months Mrs J had incurred three late fees on her Pulse account. And Pulse was more than doubling the existing credit limit. In the circumstances, I think it would've been reasonable for Pulse to have considered a more detailed approach before increasing Mrs J's credit limit. One option would've been to review Mrs J's bank statements for the preceding months which is the approach I've taken.

Mrs J has forwarded two sets of bank statements, one in her sole name where her salary was paid along with child benefit. Mrs J used her sole account for everyday spending, debt repayments and shopping. Mrs J received an average of £2,066 a month in pay and child benefits. Mrs J also made regular transfers to a joint account she held with her husband. Mrs J transferred around £650 a month to the joint account. The joint account was used for household expenses including rent, utilities, insurance, council tax and communications. After taking Mrs J's regular outgoings from her sole account and transfers to the joint account into consideration, I found she had around £725 remaining. In my view, that figure

was enough to sustainably afford the repayments to a credit limit increase taking it to £1,900. Overall, I'm satisfied it's more likely than not that Pulse would've still approved the credit limit increase to £1,900 if it had carried out more detailed lending checks first.

The credit limit increased to £2,900 in May 2024. I can see Mrs J incurred late and overlimit fees in the preceding six months on her Pulse credit card. In the circumstances, I haven't been persuaded Pulse carried out proportionate lending checks, so I've again looked at Mrs J's bank statements for the preceding months.

Mrs J has provided sole named and joint account statements that I've used to get a picture of her circumstances. I found Mrs J was receiving an average total monthly income of around £2,126. Mrs J's sole account was still being used for credit commitments, shopping, mobile phone costs and general spending. Mrs J was also making regular transfers to the joint account to cover household outgoings that averaged £616 a month. Mrs J's average outgoings came to around £1,600 a month. That left Mrs J with around £525 a month after covering her existing outgoings. In my view, Mrs J's accounts were well managed and I didn't see any obvious signs that showed she was struggling or borrowing at an unsustainable rate. Overall, I'm satisfied that Mrs J had sufficient disposable income to sustainably cover the increased repayments to a credit limit of £2,900. In my view, it's more likely than not that Pulse would've approved the credit limit increase to £2,900 in May 2024 if it had carried out further checks first.

I can see that in response to our investigator Mrs J queried the outgoings used in the assessment. I've read and considered everything Mrs J's said when bringing her complaint and in response to the investigator. I'm satisfied that by taking Mrs J's salary and child benefit payments into account I reached an accurate picture of her income. And by taking Mrs J's outgoings from her sole account in addition to the transfers she was making to the joint account I reached a fair picture of her circumstances at the time.

I'm very sorry to disappoint Mrs J but for the reasons I've given above, I haven't been persuaded that Pulse lent irresponsibly.

Mrs J's explained that when she was trying to negotiate a payment arrangement with Pulse in March 2025 it transferred her account to a third party firm of debt collectors. I understand Mrs J's concern but Pulse is allowed to appoint other businesses to act on its behalf when seeking to make arrangements to collect an outstanding balance. That's something the account terms and conditions authorise. And I can see from Mrs J's account history that interest appears to have been suspended after March 2020 which meant any repayments made from that point would go towards the outstanding balance. I haven't seen anything that indicates Mrs J has been treated unfairly by Pulse instructing a third party business to act on its behalf in relation to her credit card.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship 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 Pulse lent irresponsibly to Mrs J or otherwise treated her 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

My decision is that I don't uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 24 December 2025.

Marco Manente
Ombudsman