

The complaint

Mr F, through his representative, complains that NewDay Ltd trading as Opus lent to him by approving a credit card which he could not afford to repay.

What happened

Mr F's credit card was opened around October 2018 with an initial limit of £600, and further increases to that credit facility were applied around the following dates:

- May 2019 to £1,850
- January 2020 to £2,850
- August 2020 to £4,350
- December 2020 to £5,850
- April 2021 to £7,350
- August 2021 to £7,850

After Mr F had referred his complaint, NewDay suspended Mr F's account save for payments to pay the balance down. It issued its final response letter in December 2024 in which it explained why it did not consider it had lent irresponsibly. The complaint was referred to the Financial Ombudsman Service, where one of our investigators issued two views.

The second view was that the initial card approval was satisfactory but each of the credit limit increases ought not to have been approved. Mr F accepted this outcome which shows me that he was content with the outcome relating to the initial card approval as well as the outcome for the credit limit increases.

For the initial card approval, NewDay does not dispute that part. So, I consider the initial card approval part of the complaint resolved. I have not reviewed that part in October 2018.

NewDay disagreed with the outcome for the credit limit increases, and so the unresolved complaint was passed to me to decide.

On 9 December 2025 I issued a provisional decision giving reasons why I considered that the point at which NewDay ought to have stopped increasing the credit limits on the card was later than the date settled on by our investigator.

That provisional decision is duplicated here for ease of reading.

What I provisionally decided on 9 December 2025 – 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 approach to unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - is set out on our website and I have followed it here.

NewDay was required to lend responsibly. It needed to conduct checks to make sure that the credit it was giving to Mr F was affordable and sustainable. Such checks needed to be proportionate to things like the credit limit it offered Mr F, how much he had to repay (including interest and charges) each month, his borrowing history with it (if applicable) and what NewDay knew about his circumstances.

I am not being asked, or expected, to stand in the shoes of the NewDay assessors when the card limits were approved and act as a lender: I am resolving a complaint about whether the approach taken by NewDay was reasonable and proportionate. And if so, did it make fair lending decisions based on the results of its checks; and if not, what better checks would most likely have shown.

The approach by NewDay is not just looking at the likelihood of the credit being repaid, but the impact of the repayments on Mr F. There is no set list of checks that it had to do, but it could take into account several different things such as the amount of credit being applied for, the monthly repayments and the overall circumstances of the borrower.

I have reverted to the specific wording and detail in the Financial Conduct Authority's (FCA's) Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist me in relation to Mr F's complaint. I do not set out all the FCA wording here as his representative likely is familiar with that CONC chapter and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require them to be, there are a number of considerations to guide NewDay that the checks were proportionate: CONC 5.2A.20R. It was not expected that there was a full financial review of every aspect of Mr F's circumstances for each lending decision.

And when a card is in place, a fresh creditworthiness assessment is expected before '*...significantly increasing a credit limit for running-account credit...*'. So, one is not necessarily mandatory for each credit limit increase.

But CONC's guidance for this part does go on to say that where the increase is cumulative – for example where there have been a few not significant ones, but the end result is the aggregate limit is significant, a creditworthiness assessment ought to be undertaken.

This situation seems to apply to Mr F's situation as he went from £600 to £7,850 in under three years and some of them during the Covid 19 pandemic period.

And I add that NewDay does carry out creditworthiness assessments at each credit limit increase. I have those details of how Mr F had been managing his account, and the external credit commitments NewDay knew he had.

Proportionality can be seen as doing reasonable checks within the full context of the credit application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21:

Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.

I've read the account notes for the lending relationship and created this table to give a better overall picture as it shows Mr F asked for increases regularly, and often they were declined.

Date	Event	Credit limit	Increased limit
October 2018	New card approval	£600	
16, 17 April 2019 and 4 May 2019	Credit limit increase requests	For £1,200 and £1,100	All declined
May 2019	Auto credit limit	To £1,850	

	increase		
January 2020	Auto credit limit increase	To £2,850	
August 2020	Auto credit limit increase	To £4,350	
23 October 2020	Credit limit increase request	For £5,000	declined
December 2020	Credit limit increase	To £5,850	
30 March 2021	Credit limit increase request	For £7,500	declined
April 2021	Auto credit limit increase	To £7,350	
June 2021	Credit limit increase request	For £7,500	declined
9 August 2021	Credit limit increase request	For £9,000	declined
August 2021	Auto credit limit increase	To £7,850	

Credit limit increase in May 2019 to £1,850

Considering the increase was three times that approved at the initial card agreement date, I think that likely would be seen as a significant increase and so I do consider a creditworthiness assessment ought to have been done in May 2019.

I've seen the details of how NewDay approached increases and the data it had gathered on Mr F's card account management. He seemed to repay well. A noticeable trait was that Mr F took out cash during the first four months of using the card. That sometimes can be seen as a person being in some financial stress. But the other information NewDay had about Mr F did not suggest any other underlying issues.

The credit checks it had for him up to and including May 2019 showed his historic adverse data was almost four years old and no other elements had been reported to NewDay. It had no records of any payday loans, insolvencies, delinquent or recently defaulted accounts. Mr F's mortgage commitment was not high at around £229 a month and he did not have a high external debt balance. Mr F had been making the payments to the NewDay card. Another element is the detail I have seen in the NewDay account notes which show Mr F asked for increases several times. These had been declined.

Our investigator did not have this information when he issued his views. I asked NewDay to explain and it did:

“ Between 19 January and 4 May 2019, [Mr F] made 8 requests for limit increases, all of which were declined.

- *Consecutive requests for credit within a short period can be an indicator of financial stress.*
- *During this time, [Mr F's] usage patterns showed:*

**Cash withdrawals of £890.00 in the first four months, exceeding his initial limit of £600.00.*

**High utilisation of his credit: balances of £579.70 (Jan), £591.28 (Feb), and £571.64 (Mar).*

- *In April and May 2019, his balances dropped significantly to £206.48 and then £0.00, respectively.*
- *At this point, a review under our Affordability Guide found him eligible for an increase to £1,850, which was offered on 14 May and accepted on 21 May 2019.”*

I've thought about whether the declines ought to have precipitated NewDay to do more checks in May 2019 when it already had sufficient information to assess his card management and general financial situation. And I've decided it did not.

Some of the reasons are because the information it had about Mr F shows no payday loans and his total non-NewDay credit (external credit) was only £900. And although NewDay knew he had a loan and it may have been a high cost loan, NewDay's information does not show that. But it does show that his loan debt (non-revolving debt balance) was only £310. In May 2019 Mr F's balance on the New Day card was £0 as he'd just paid it all off.

So, I do not agree that additional checks were warranted. I consider proportionate checks were carried out before a first credit limit increase was done from £600 to £1,850.

I've read what the investigator has said as to why he thought that additional checks ought to have been carried out before this first credit limit increase was approved, but I disagree. And in fairness to Mr F to aide his understanding I set out here the investigator's reasoning.

'Overall debt on the credit file was low, however NewDay had large estimates recorded for outgoings, which are normally based on the customer's credit commitments found on the credit file. Given this I would have expected NewDay to question the difference in these figures.....I'm satisfied that the estimates generated did not match up with the information that could be seen on the credit file.'

This discrepancy in figures was not enough to precipitate a more detailed look into Mr F's financial affairs – considering all the other elements about which NewDay was aware at that stage of the lending relationship.

Credit limit increases January 2020 and August 2020

I consider that the card management was satisfactory for the next few months. I'd not have expected NewDay to have done more than it did, and I consider that it did the right things before approving these credit limit increases in January 2020 and August 2020.

Credit limit increase in December 2020

The next credit limit increase was in December 2020 which was after NewDay had already increased it twice. Mr F had requested a credit limit increase to £5,000 in October 2020 which had been declined. NewDay has explained that this October 2020 decline was because it was only two months after the previous increase – so it was too soon.

Reviewing the information NewDay had about Mr F before this credit limit increase in December 2020, then it would have known that his external debt had increased, to around £8,700. This was a large increase from the year before when it was about £900. NewDay's records show Mr F had a total credit limit on his revolving credit accounts (such as cards and mail order) was £6,350 he was using 91% of this. So, the other part of his external debt may have been on loans. Mr F had taken cash out on the credit card in October and November 2020. He was close to his NewDay card limit and had only been paying the minimum repayments.

These details plus the fact that he'd recently asked for more credit and been declined then I think further checks ought to have been done.

So, looking at Mr F's income, I've seen that in October 2018 Mr F had declared it as around £33,200 a year and NewDay had used the monthly figure after tax of around £1,950. As that was over two years before this review in December 2020, and the Covid pandemic had taken hold by December 2020 then a new check on Mr F's income when assessing his ability to afford a credit limit increase would likely have been the best starting point.

Reviewing evidence I have from Mr F, I've seen that if NewDay had asked for confirmation of his salary – by payslips or by confirmation of credits into a bank account – then it would have been satisfied that Mr F was earning around £1,750 per month as a salary credit in late September 2020, two payments of £1,690 and £890 in late October 2020 and £2,782 in late November 2020.

I have a copy of Mr F's savings account and from late October 2020 to late December 2020 it was steady at around £1,300 of savings.

However, I can see that Mr F was paying for or took new loans – he was paying for a series of high-cost loans. I count five in all. The total cost just for the loans was around £800 each month. Two of these were newly taken loans of £1,200 and £2,000 in late September 2020 and late October 2020.

This plus the car finance of around £161 a month, the current credit card repayments plus his usual outgoings which included the mortgage cost, insurances and his child maintenance leads me to consider that this credit limit increase to £5,850 was unaffordable. Minimum repayments calculated on 3% would have been around £175 a month.

But it is not just the I&E that persuades me – it's the fact that Mr F needed to take two additional loans out to make ends meet. Taking loans to assist in paying down the NewDay card would not be viewed as sensible debt management. I plan to uphold the complaint from the credit limit increase in December 2020 which means that I consider that the card limit ought never to have exceeded £4,350.

Treating Mr F fairly

The NewDay account notes I have reviewed show that Mr F first asked for a payment holiday in January 2023. The second time was in September 2024 and again in December 2024.

NewDay spoke to Mr F and he said that he'd let the credit limit get too high and now he was struggling to make the repayments. He offered £105 a month. A payment holiday was approved but Mr F would need to speak to the relevant NewDay team for other options. There are no other account notes after this date. The balance in May 2025 was £7,963. Having reviewed the notes I cannot see that NewDay has treated Mr F unfairly.

This is the end of the duplicated provisional 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.

The reply date was 23 December 2025 and we received an acknowledgement from Mr F's representative. We have not heard from Mr F or his representative since and I have deliberately left the final decision issue until today to give Mr F more time. We have not heard from NewDay.

Considering I've received nothing further from either party then I have no reason to change my provisional decision. I uphold the complaint from the credit limit increase in December 2020 which means that I consider that the card limit ought never to have exceeded £4,350. And having reviewed the account notes I cannot see that NewDay has treated Mr F unfairly.

Putting things right

Having carefully considered everything, it would be fair and reasonable, in all the circumstances of Mr F's complaint, for NewDay to put things right in the following way:

- rework Mr F's account to ensure that from the credit limit increase date in August 2020 interest is only charged on the first £4,350 outstanding - to reflect the fact that the credit limit increase to £5,850 in December 2020 should not have been provided. All late payment and over limit fees should also be removed;
- in the unlikely event that the effect of these adjustments results in there no longer being an outstanding balance due to NewDay on the card, then any extra should be treated as overpayments and returned to Mr F along with 8% simple interest† on the overpayments from the date they were made until the date of settlement.

If no outstanding balance remains on Mr F's account after all adjustments have been made, then NewDay should remove any adverse information it has recorded from Mr F's credit file.

If there is an outstanding balance then NewDay needs to agree with Mr F a mutually satisfactory repayment plan. In which case the credit file amendment ought not to be carried out.

† HM Revenue & Customs usually requires NewDay to take off tax from this interest. It must give Mr F a certificate showing how much tax it has taken off if he asks for one.

I've considered whether the relationship between Mr F and NewDay might have been unfair under section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Mr F results in fair compensation for him 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.

My final decision

My final decision is I uphold the complaint in part and I direct that NewDay Limited does as I have outlined in the 'putting things right' part of the decision. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 27 January 2026.

Rachael Williams
Ombudsman