

## The complaint

Miss M has complained that NewDay Ltd, trading as Fluid, were irresponsible when supplying her with a credit card and subsequently increasing the credit limit.

## What happened

Fluid provided Miss M with a credit card in March 2023 with a limit of £2,000. This limit was increased three times between then and January 2025, when the limit reached £5,700.

Miss M complained to Fluid that they shouldn't have lent to her. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Fluid reviewed Miss M's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out.

I sent Miss M and Fluid my provisional decision on 20 January 2026. I explained why I was planning to uphold the complaint. I said:

The rules and regulations in place each time Fluid increased Miss M's credit limit required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Fluid had to think about whether repaying the credit would cause difficulties or adverse consequences for Miss M. In other words, it wasn't enough for Fluid to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Miss M.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including the customer's circumstances and the nature of the credit they'd applied for. I've kept all of this in mind when thinking about whether Fluid did what they needed to.

### *Did Fluid carry out reasonable and proportionate checks?*

Because Miss M accepted our investigator's view that the initial credit limit was affordable, I haven't considered Fluid's initial lending decision in detail. But, for background, Fluid initially used information declared by Miss M in her application and used data supplied by a credit reference agency (CRA) to help them see whether the credit was likely to be affordable for her. In her application Miss M declared an annual salary of £22,000. Her credit file showed no adverse information on any open accounts, no pay-day loans and no historic defaults.

Prior to each credit limit increase, Fluid completed a credit check and made assessments of affordability using their own calculations, data on how Miss M was managing her Fluid account, along with CRA information and statistical data which gave an indication of Miss M's likely cost of living. On each occasion, Fluid's calculations suggested the increased limit would be affordable for Miss M.

Throughout the period in question where the credit limits were increased, no adverse information regarding missed payments or defaults showed up on the CRA checks.

Miss M appeared to be generally managing her Fluid account well, with no missed payments, and she was making regular payments above the required minimum amount due.

When assessing Miss M's income at each point before increasing her credit limit, Fluid used Current Account Turnover data (CATO), which is information supplied by a CRA and described by Fluid as a calculation of customer income based on current account turnover, or in other words, the amounts going through a customer's bank account.

Using this method, there is a risk that the assessed income could be distorted by how a consumer manages their account, and Fluid should bear this in mind when considering the proportionality of their checks and whether they should investigate further.

In Miss M's case, the CATO assessed income prior to each credit limit increase was significantly higher than she had declared in her application.

Considering this and that the credit limit increased multiple times during this period, I think it would have been appropriate for Fluid to have taken further steps to understand Miss M's financial circumstances.

*If Fluid had carried out additional checks, what would they have found?*

There's no set way for how Fluid should have carried out further proportionate checks; it could have asked Miss M about her income and expenditure or, if they felt it appropriate, they could have reviewed her bank statements.

In reaching my provisional decision, I've used Miss M's bank statements to calculate affordability for these credit limit increases, as they give a good indication of her actual financial circumstances at the time.

For the first two credit limit increases, in November 2023 and January 2024, Miss B's statements show an average income of around £2,500 per month, payments for mortgage and other creditors was around £1,200, nursery fees and other direct debits around £550. This left about £750 per month to cover other living costs as well as increased repayments as a result of the credit limit increases.

On that basis, I'm inclined to say it's likely that Fluid would have concluded that the repayments for first two credit limit increases would appear to have been affordable, as that is what I have found.

However that is not the case for the third and final increase. At this point, the CATO assessment indicated Miss M's income was in excess of £5,000 per month. Miss M's bank statements confirm the actual amount was less than half of that, when including her salary, Department for Work and Pensions payments and child benefit.

Had Fluid used an accurate figure for Miss M's income to make their assessment of affordability, used the CRA data for committed expenditure and statistical averages to calculate the cost of living, they would likely have concluded that the increased limit would not be affordable.

For balance, I have gone a step further. As I have reviewed Miss M's bank statements to validate her income, I have also used them to assess her committed and non-discretionary expenditure. Miss B's average income over this three-month period had reduced, to just under £2,400 and her committed expenditure had increased to around £2,200 per month.

There are differences in the outcome of my calculations and Fluid's, but these aren't material and in my opinion both methods demonstrate that if Fluid had carried out reasonable and proportionate checks, it is likely that they would have found the third credit limit increase to be unaffordable, because that is what I have found.

Miss M agreed with the provisional decision, but Fluid didn't respond.

### **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 Fluid haven't provided any further evidence for me to consider, I am upholding this complaint in line with my provisional decision.

Because I don't think Fluid ought to have increased the credit limit to £5,700, I don't think it's fair for them to be able to charge any interest or charges relating to that increase.

Miss M should therefore only have to repay the credit she used following this increase. I understand that Miss M has settled the account in full, so Fluid should refund any associated interest, fees and charges to Miss M.

### **Putting things right**

To put things right, NewDay Ltd, trading as Fluid, should do the following:

- Rework the account removing all interest, fees, charges and insurances that have been applied to balances above £4,450 after 6 January 2025.
- The resulting credit balance should be refunded to Miss B along with 8% simple interest\* per year, calculated from the date of each overpayment to the date of settlement. Fluid should also remove all adverse information recorded after 6 January 2025 regarding this account from Miss B's credit file.

\* HM Revenue & Customs requires NewDay Ltd, trading as Fluid, to take off tax from this interest. NewDay Ltd, trading as Fluid, must give Miss M a certificate showing how much tax they've taken off, if she asks for one."

In reaching my decision, I've also considered whether the lending relationship between Miss M and Fluid might have been unfair to Miss M under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Miss M in the circumstances of her 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 that I'm upholding this complaint and NewDay Ltd, trading as Fluid, must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 9 March 2026.

David Barker  
**Ombudsman**