

The complaint

Mr W says NewDay Ltd trading as Marbles ('NewDay'), irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards a credit card. He says that if NewDay had made better checks it would have seen that he had some financial problems and so it shouldn't have lent to him.

Mr W's complaint has been brought by a representative and I've referred to Mr W and the representatives' comments as being from Mr W for ease of reading.

What happened

This complaint is about a credit card agreement that Mr W took out in September 2021. The initial credit limit was £900, This was increased to £1,500 in October 2023, to £3,250 in February 2024, to £4,250 in June 2024 and finally to £5,750 in October 2024.

Mr W complained to NewDay saying that the card was irresponsibly lent due to his reliance on, and problems with, other credit. NewDay considered this complaint, and it didn't uphold it. It said it was satisfied that the account was provided responsibly and that its affordability assessments were appropriate and proportionate. Mr W didn't agree with this and brought his complaint to the Financial Ombudsman Service.

The most recent Investigator didn't uphold Mr W's complaint. He thought the checks NewDay did were proportionate and these showed the card repayments were affordable.

Mr W didn't agree with the Investigator. He still didn't think that NewDay had carried out enough checks on his expenditure and determined how reliant on credit he was. Because Mr W didn't agree, this matter has been passed to me to make a final 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did NewDay complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit in a sustainable way?
 - a. if so, did NewDay make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mr W could sustainably repay the borrowing?
2. Did NewDay act unfairly or unreasonably in some other way?

And, if I determine that NewDay didn't act fairly and reasonably when considering Mr W's application, I'll also consider what I think is a fair way to put things right.

Did NewDay complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

The information that NewDay gathered when it approved the card has been outlined to all the parties to the complaint. After our Investigators communications, there was no indication or from any party that it was inaccurate. And so, I'm only going to provide a summary of this.

And then I'll consider the crux of Mr W's complaint, which is, was he was reliant on credit, and did he have problems repaying his existing lending. And that NewDay should have found out about this and not lent to him.

NewDay has provided the results of its credit assessment and they do show it thought the initial lending, and the credit limit increases, were affordable.

Mr W informed NewDay that his annual income was £35,000 when the card was initially approved. This gave a net income of about £2,400 each month. It estimated that his living costs would be about £450 a month and that he was paying about £300 a month to his existing credit commitments. He owed about £6,000 to other lenders and this was mainly revolving credit.

NewDay also found out that Mr W had defaulted on some credit 30 months ago. There were no current repayment problems, or other indicators of financial difficulty, such as more recent defaults.

NewDay collected similar information at the point of each credit limit increase. This was broadly the same, other than it saw that his income had reduced at the first credit limit increase, but then increased again after this. And it used this in conjunction with how he repaid the card to assess the likelihood of him being able to repay the credit limit increases.

In respect of how he used the card, Mr W hasn't had any problems repaying it. There was one late payment in November 2022, but this is the only instance where he hadn't paid at least the minimum amount on time. And he has paid more than the minimum amount on a reasonable number of occasions. I've not seen any indication that his card use was problematic.

Having considered everything I think it's reasonable to say that the checks NewDay did were proportionate and they showed the lending was affordable. I think the main determinant of this is that Mr W had a reasonable income and the credit was a modest proportion of this, even after the increases. So, he was likely to be unable to afford the repayments.

Mr W doesn't agree, and he has provided an up-to-date copy of his credit report. This report does show that he had some other debt which includes a defaulted amount. The total on the credit report is about £6,000 with the defaults being about £5,000. I don't think these amounts are large, in relation to his income, and the default was 30 months before the card started. I don't think this is indicative that Mr W was having current financial problems when he applied for the card in 2021, and he didn't go on to have problems during the time the credit limit was being increased.

Overall, there's nothing on this report that shows me NewDay should've declined his application, or that it should've been unduly concerned about his current financial position, such that additional checks were necessary. I don't think that NewDay has lent unfairly.

Did NewDay act unfairly or unreasonably in some other way?

I have considered 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 it lent irresponsibly to Mr W or otherwise treated him 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.

I haven't seen anything to make me think NewDay acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 November 2025.

Andy Burlinson
Ombudsman