

The complaint

Miss S complains that NewDay Ltd, trading as Marbles, lent to her irresponsibly.

What happened

Miss S held a credit card with NewDay; I've set out the lending history below:

Date	Event	Limit (£)
1 August 2021	Account opened	£250
12 August 2022	Credit Limit Increase (CLI)	£1,250
15 February 2023	CLI	£2,600
13 November 2023	CLI	£4,100
11 April 2024	CLI	£4,850
7 August 2024	CLI	£5,850
10 February 2025	CLI	£6,850

In April 2025, Miss S complained to NewDay. She said, in summary, that it shouldn't have lent to her given her wider financial circumstances at the time. NewDay didn't uphold Miss S' complaint; in response, it defended its decision to provide credit and said it had carried out suitable checks in the circumstances.

Unhappy with that response, Miss S contacted this Service for an independent review and an Investigator here looked at what had happened. Having done so, the Investigator thought Miss S' complaint should be upheld in part. They said:

- NewDay had carried out proportionate checks at the time it opened Miss S' account, and when it had increased her credit limit in August 2022 and February 2023. The results of those checks didn't provide reason for NewDay not to lend and, as such, those credit limits weren't provided irresponsibly.
- By the time NewDay increased Miss S' credit limit in November 2023, it ought to have gone further in its checks. That said, if it had done, it likely still would've lent to Miss S. At the time, it seemed she was managing her finances broadly well; there wasn't obvious reason for NewDay to think that increasing Miss S' limit would be unaffordable for her.
- NewDay shouldn't have increased Miss S' limit to £4,850 in April 2024. Again, at this point, it ought to have gone further in its checks; if it had, by this time, NewDay would've likely seen that Miss S was demonstrating a reliance on credit and that she was using her credit card to withdraw cash. NewDay also would've seen an increase in gambling from Miss S.
- In conclusion, NewDay shouldn't have increased Miss S' limit above £4,100. So, it should rework the account as if it hadn't.

NewDay accepted the Investigator's view, and it agreed to rework Miss S' account as if the limit had never been increased above £4,100. Miss S, though, didn't accept; she thought the increase in November 2023 (from £2,600 to £4,100) was also irresponsibly provided. She

reiterated that her circumstances at the time meant this credit was always unaffordable for her.

Our Investigator reconsidered in light of Miss S' comments, but they didn't change their mind. Miss S asked for an Ombudsman's decision. So, as no agreement has been reached, the complaint has now been passed to me to decide.

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.

Preamble

At the outset, I'll say that I'm left in no doubt over just how strongly Miss S feels about what's happened here – and I'm truly sorry to read that she finds herself in a difficult financial situation. So, before I cover anything else, I'd certainly encourage Miss S to reach out to organisations which can provide support and advice; our Service will be happy to pass on contact details of such groups, if she'd like.

I'll also say that I've addressed the complaint in much less detail than Miss S submitted it, and I haven't commented on each and every statement she's made. Instead, I've focussed on what I deem to be the crux of the matter. That's because our role is to be quick and informal; I don't intend any discourtesy in my approach, it's simply to align with that purpose.

Miss S' complaint

Turning to the merits of Miss S complaint, what's left in dispute here is the point at which the complaint is upheld. NewDay has accepted our Investigator's view that it shouldn't have provided Miss S with credit above £4,100; so, I don't intend to cover the same ground here – although I will say, for the avoidance of doubt, that I agree with this position for broadly the same reasons as set out in our Investigator's findings. Instead, I'll focus on whether Miss S' complaint should be upheld from an earlier point – specifically, I'll consider if that point is November 2023, as Miss S thinks it should be.

By way of general information, our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Before it increased Miss S' limit to £4,100, NewDay has told us that it completed an affordability assessment and checked data held by Credit Reference Agencies ("CRAs"). It found that she had a reasonably large amount of external unsecured debt, around £25,000; on the other hand, it also saw that Miss S wasn't displaying any signs of financial difficulty – rather, she appeared to be managing things broadly well, with no missed payments and/or arrears.

Our Investigator thought NewDay ought to have gone further in its checks at this point, looking to verify Miss S' financial situation. They said that because of the level of outstanding debt, and the size of the limit increase NewDay was proposing to apply. I have to say that I'm not entirely persuaded full verification would, in fact, be appropriate here; but nonetheless, I don't think it makes a material difference either way. I say that because even if NewDay had conducted further checks and verified Miss S' wider financial position at this time, I think it still would've lent to her.

Having reviewed Miss S' bank statements from the time – as means of determining what NewDay likely would've uncovered if it *had* looked to verify her situation – I don't think NewDay would've found significant cause for concern. At least enough to decide not to lend. To explain, I say that because Miss S' statements show her account always in credit with a generally healthy balance for most of the time, and there isn't a significant amount of gambling transactions either. Putting that alongside the information returned by CRAs – which suggested Miss S was managing her commitments well – and keeping in mind that she showed no other obvious signs of difficulty (like active County Court Judgments or Individual Voluntary Arrangements, for example) I think, on balance, NewDay still would've reasonably decided to lend.

Miss S will, no doubt, disagree with that. I know she's pointed to her large outstanding unsecured debt at the time, as well as her usage of other credit cards; she's also mentioned her gambling too. Those are all valid considerations, but it's also true to say that simply having existing debt elsewhere doesn't automatically mean that a creditor shouldn't lend; particularly if nothing points to the customer having a problem in managing it. Moreover, on gambling, I would, of course, expect a firm to consider it – particularly if that firm should've reasonably been aware there might be an issue; but I don't think that's the case here. The level of gambling Miss S demonstrated, in my view, wouldn't have alerted NewDay to any significant cause for concern.

To be clear, I'm not saying that Miss S wasn't under financial pressure at that point in time; it's just that NewDay didn't discover that and, even if it had gone further in its checks, I don't think it would have had cause for concern enough to decide not to lend. So, with all of that in mind, while this will surely disappoint Miss S, I don't think NewDay made an irresponsible lending decision in granting her a credit limit of £4,100. For completeness, I'll also add that I've not seen any reason for NewDay not to have provided any of the earlier credit limits either.

In conclusion then, I agree with the findings of our Investigator. NewDay should, therefore, do what it's agreed to do:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £4,100 after 11 April 2024.
- If the rework results in a credit balance, this should be refunded to Miss S 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 11 April 2024 regarding this account from Miss S' credit file.
- Or, if after the rework the outstanding balance still exceeds £4,100, NewDay should arrange an affordable repayment plan with Miss S for the remaining amount. Once Miss S has cleared the outstanding balance, any adverse information recorded after 11 April 2024 in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires NewDay to deduct tax from any award of interest. It must give Miss S a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce

an outstanding balance, it must do so after deducting the tax.

Aside from that, and as I understand it, Miss S still has an outstanding balance with NewDay. She's let it know about her financial struggles, and I want to remind NewDay of its responsibility to exercise forbearance and due consideration of her circumstances. So, I'd certainly encourage it to engage with Miss S to discuss her current situation and the need for any potential ongoing support, like the arrangement plan to repay the outstanding arrears which I've referenced above. Ultimately, I'll stress that any action NewDay takes be with Miss S' best interests in mind.

As a final point, I'll add that I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, which I've set out, results in fair compensation for Miss S in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

In closing, I know that what I've set out here will disappoint Miss S; it isn't the outcome she'll be hoping for. I do hope, though, that she understands the reasons for my decision and feels that her concerns have been heard.

My final decision

My final decision is that I uphold Miss S' complaint. NewDay Ltd, trading as Marbles, should put things right as I've set out above.

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

Simon Louth
Ombudsman