

The complaint

Miss M complains that NewDay Ltd trading as Aqua irresponsibly lent to her.

What happened

Miss M was approved for an Aqua credit card in September 2023, with a £900 credit limit. Miss M says that this was irresponsibly lent to her. Miss M made a complaint to Aqua, who upheld her complaint. Aqua said proportionate checks were made but given the additional information she provided they would refund fees and interest, and once the outstanding balance was fully repaid, she can contact them to amend her credit file. Miss M brought her complaint to our service, as she wanted compensation for distress and the outstanding balance to be written off.

Our investigator did not uphold Miss M's complaint. He said that the redress Aqua provided was fair and reasonable. Miss M asked for an ombudsman to review her complaint as she wanted compensation for the distress Aqua caused her.

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.

I've considered what Miss M has said about how her balance should be written off, and a payment for distress. To see whether I agree whether either or both of these things would be appropriate here, I need to look at what Aqua's initial lending checks showed. I will only be looking into the lending checks under the context of deciding whether to instruct a writing off the balance and/or providing a payment for distress, and I will not be interfering with Aqua's decision to uphold the complaint.

Before agreeing to approve the credit available to Miss M, Aqua needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Aqua have done and whether I'm persuaded these checks were proportionate.

I've looked at what checks Aqua said they did when initially approving Miss M's application. Aqua relied on information from Miss M and a Credit Reference Agency (CRA). Miss M declared a gross annual income of £28,000. The data also showed that Miss M had no County Court Judgements (CCJ's) but the last time she had a default registered on her credit file was 49 months prior to the application checks.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what Aqua's other checks showed to see if they made a fair lending decision here.

The checks showed that Miss M was not in arrears on any of her accounts at the time of the checks, or the six months prior to the checks.

The checks showed Miss M had around a 9.85% debt to gross annual income ratio. So this would have equated to around £2,758 of unsecured debt. Aqua received information from the CRA about how much Miss M was paying towards her monthly credit commitments.

Aqua completed an affordability assessment using information from Miss M (her income), a CRA (for her monthly commitments), and modelling, which is an industry standard way of estimating outgoings.

The affordability assessment showed that Miss M would have a sufficient disposable income in order to make sustainable and affordable repayments for a £900 credit limit. So it wouldn't have been proportionate here for Aqua to have made further checks, such as asking Miss M to provide bank statements, especially as she had no recent adverse information on her credit file, and the affordability assessment showed repayments would be affordable. So I'm persuaded that Aqua's checks were proportionate.

As Aqua's application checks were proportionate, and there were no signs of financial difficulty at the time of the application checks, then it would not be proportionate for me to award a payment of distress, or to ask Aqua to write off any of the outstanding balance.

I say this as I can't fairly say that Miss M's subsequent financial difficulty would have been foreseeable to Aqua at the time of the checks. As Aqua have provided redress in line with our standard approach to upheld irresponsible lending complaints, then I'm satisfied that this redress is proportionate here, and no further award would be appropriate for the reasons I've already given.

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 Aqua have already provided 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 6 March 2026.

Gregory Sloanes
Ombudsman