

## **The complaint**

Mr H has complained that NewDay Ltd, trading as Fluid, were irresponsible when increasing the credit limit on a credit card they supplied to him

## **What happened**

Fluid provided Mr H with a credit card in November 2021 with a limit of £450. This limit was increased a total of seven times between then and July 2024, by which time the limit was £8,000.

Mr H isn't unhappy with the initial decision to provide credit, but says the lending decisions for the credit limit increases were irresponsible. He says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Fluid reviewed Mr H's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out in advance of each credit limit increase.

An investigator then reviewed the merits of Mr H's complaint, but didn't recommend it be upheld.

Mr H disagreed with our investigator's opinion and commented on the overall increase to his indebtedness throughout the period where Fluid were increasing his credit limit.

Because an agreement couldn't be reached, the complaint has 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.

Having done so, I'm not upholding this complaint. I appreciate this will disappoint Mr H, so I'll explain why.

The rules and regulations in place for each occasion when Fluid increased Mr H's credit limit required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he 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 sustainably would cause difficulties or adverse consequences for Mr H. 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 Mr H.

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 – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Fluid did what they needed to before the increases to the credit limit.

For background, Fluid initially used information declared by Mr H in his application and used data supplied by a credit reference agency (CRA) to help them see whether the credit was affordable for Mr H.

In his application Mr H declared an annual salary of £30,000, which Fluid calculated to mean a net income of around £2,100 per month.

His credit file showed a default around two and half years prior to the application, no recent adverse information on any open accounts, no pay-day loans and no missed payments.

Prior to each credit limit increase, Fluid completed their checks and made assessments of affordability using their own calculations, data on how Mr H was managing his Fluid account, along with CRA information.

When assessing Mr H's income at each point before increasing his credit limit, Fluid used Current Account Turnover data (CATO), information supplied by a CRA and described by Fluid as a calculation of customer income based on current account turnover.

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

In Mr H's case, the assessed income used by Fluid was quite changeable, fluctuating by up to around £900 per month from one assessment period to the next.

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

Mr H appeared to be generally managing his Fluid account well, with no missed payments but occasional instances of cash withdrawals, late payments and one instance of exceeding the credit limit, which can be indicators of financial difficulty. Equally however, there were regular overpayments on the account, which can be a positive indicator for affordability.

Importantly, during this period, Mr H's overall indebtedness increased from around £10,000 at the point of application, to around £28,000 as Mr H has described in his complaint.

These are all important facts for Fluid to consider when satisfying themselves that they have performed a reasonable assessment of affordability.

On balance, I am comfortable that Fluid performed a reasonable assessment prior to the first five credit limit increases, having reviewed the data that they have relied on, as Mr H's overall debt was at a manageable level, and as noted above he was often paying more than the minimum payment. Overall, I think the checks revealed that the lending was likely to have been affordable for Mr H and it was not unreasonable to lend.

At the time of their assessment in advance of the sixth credit limit increase, in March 2024, the CRA advised Mr H's total indebtedness had increased to over £19,000. He also had a late fee charge that particular month.

Fluid assessed Mr H's income, using CATO as described above, to be £4,729. While CATO is a legitimate tool for assessing income, I'm persuaded that Fluid should have completed further checks here. I think it would have been appropriate for them to take steps to understand more about Mr H's income and his committed expenditure.

I say this because of the increase to Mr H's indebtedness and also, for the CATO income figure to be correct, it would represent an increase to Mr H's salary from November 2021, of well over 100%.

In reaching my decision, I have used Mr H's bank statements to calculate affordability for this credit limit increase. There's no set way for how Fluid should have carried out further proportionate checks; it could have understood more about Mr H's income and committed expenditure in a number of ways and didn't necessarily need to review Mr H's bank

statements. However, reviewing bank statements is an easy way for this service to understand what proportionate checks would have likely revealed.

Mr H's monthly income at this point was around £2,800, on a three-month average. He also received the proceeds of a student loan during this period. It is worth noting however, that the inclusion of the student loan income has not made a difference to the outcome here. There were also other payments and transfers into Mr H's account from other parties, which I haven't included in my calculations, as they may not be regular income, and either way, including them wouldn't make a difference to my decision.

The loan repayment figures and credit card payments used by Fluid, from CRA information, were to all intents and purposes broadly accurate.

An affordability test therefore, following a similar income and committed expenditure review, had it been undertaken prior to the sixth credit limit increase in March 2024, would likely have shown that this would have left a monthly disposable income sufficient to afford the credit limit increase. It follows that I don't think Fluid treated Mr H unfairly by providing this credit limit increase.

As Mr H's overall indebtedness increased further, it would also have been reasonable for Fluid to perform similar detailed checks again, prior to increasing the credit limit for the seventh and final time.

I have done the same checks as described above. If Fluid had done the same, it would likely have revealed that Mr H had enough disposable income for this increase to also be considered affordable. On this basis, I agree that a fair lending decision was made by Fluid.

Overall, I don't consider that Fluid acted unreasonably when increasing the credit limit on Mr H's credit card.

Mr H also says that Fluid should have offered him forbearance, but I haven't seen anything within the checks that would have revealed he was struggling to make the repayments to the extent that I'd have expected Fluid to have stepped in. I also haven't been presented with anything to suggest that Mr H notified Fluid that he was struggling. So, I don't think Fluid treated Mr H unfairly in this regard.

In reaching my conclusions, I've also considered whether the lending relationship between Mr H and Fluid might have been unfair to Mr H under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Fluid did not lend irresponsibly to Mr H when the credit limit on the card was increased, or otherwise treat him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons outlined above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 February 2026.

David Barker  
**Ombudsman**