

## **The complaint**

Miss Z has complained that NewDay Ltd, trading as Aqua, were irresponsible in opening a Credit Card account and subsequently increasing the credit limit.

### **What happened**

Aqua provided Miss Z with a credit card in March 2021 with a limit of £900. This limit was increased to £1,900 in July 2021

Miss Z says the lending decisions were irresponsible. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable

Aqua reviewed Miss Z's complaint and didn't uphold it. Aqua were satisfied that appropriate checks were carried out in both March and July 2021. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Miss Z's complaint, but didn't think that Aqua had done anything wrong.

Miss Z disagreed with our investigator's opinion. In summary she felt that a more thorough check would have shown this to be unaffordable, as she had other credit commitments with a modest income.

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 know this will disappoint Miss Z, so I'll explain why.

The rules and regulations in place at the time Aqua provided Miss Z with the credit card and subsequent increase 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 Aqua had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss Z. In other words, it wasn't enough for Aqua to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Miss Z.

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 Aqua did what they needed to before providing the credit card and subsequently increasing the credit limit.

Aqua used information declared by Miss Z in her application and used data supplied by a credit reference agency (CRA) to help them see whether the credit was affordable for Miss Z.

In her application Miss Z declared an annual salary of £18,000. The information Aqua obtained showed Miss Z had other credit commitments of £321 per month. Her credit file showed no adverse information on any open accounts, no pay-day loans and no missed payments or defaults.

Using all the information they had at the point of opening the credit card account, Aqua calculated that, including the monthly repayments for this credit card, an estimated cost of living supplied by a CRA and all other costs noted, Miss Z would be left with a disposable income of around £600 per month, which they considered to be an affordable and sustainable amount to repay this card.

Having considered all of this, I'm satisfied that Aqua did perform reasonable and proportionate checks before opening the credit card account and the available facts showed no indication that this was unaffordable. Having reviewed the calculations that led to Aqua's assessment of disposable income, I'm equally satisfied that more thorough checks weren't required in the circumstances and therefore no requirement for them to review Miss Z's bank statements.

Aqua completed similar checks before increasing Miss Z's credit limit to £1,900. The CRA checks showed no missed payments or defaults.

Aqua's full calculations and assessment indicated to them that the increase to the credit limit was affordable, and when all commitments are accounted for, Miss Z would have around £1,660 per month of disposable income.

Aqua used Current Account Turnover data (CATO) for this calculation and assessed Miss Z's monthly income to be £2,735. It was the use of this figure that led to the significant increase in their estimation of disposable income, at the time of the credit increase.

As this assessment was performed no more than 4 months after Miss Z's initial application, where the salary declared was £18,000 and Aqua's verification process calculating this to be a monthly net income of £1,373, I think that because the CATO assessment indicated an income of around double that amount, it would have been appropriate for Aqua to revert to the salary declared by Miss Z for their calculations.

I have done this in reaching my decision. In doing so, I have calculated a remaining disposable income of around £300 per month and that still indicates that the increase to the credit limit was affordable and sustainable. In addition to this, Miss Z was making significant overpayments to the account in the months before the increase, suggesting to Aqua that she had sufficient disposable income to afford the increase. For example, in July 2021 the payment due was £26.22 and Miss Z paid £256.22. This was a pattern that began before the increase, and continued after the increase too.

Miss Z highlights that she was regularly using her overdraft at the point of application and Aqua would have seen this if they had requested bank statements. Miss Z has also pointed out that because the credit limit increase was only 4 months after the account was opened, she didn't feel that Aqua could adequately assess her management of the account.

While I understand both of those points, I am comfortable Aqua did appropriate checks through the CRA to assess overall debt, and that even when using the affordability calculation I have performed, the remaining disposable income was at a level that wouldn't require Aqua to perform further checks.

In reaching my conclusions, I've also considered whether the lending relationship between Miss Z and Aqua might have been unfair to Miss Z under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Aqua did

not lend irresponsibly when providing Miss Z with the credit card or when they increased the limit. And I haven't seen anything to suggest that s140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

So while it will come as a disappointment to Miss Z, I won't be upholding her complaint against Aqua for the reasons explained above.

**My final decision**

It's my final decision that I don't uphold this complaint against NewDay Ltd, trading as Aqua

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 2 January 2026.

David Barker  
**Ombudsman**