

The complaint

Miss H complains that NewDay Ltd (NewDay) irresponsibly gave her two credit cards (branded as Fluid and Aqua) and later increased her credit limit on both accounts.

What happened

Miss H's application for a Fluid credit card was accepted in March 2022, with a £2,000 credit limit. In October 2022, NewDay increased the credit limit to £3,100, and further increases were provided in March 2023 (£3,950) and August 2023 (£4,200).

Miss H's application for an Aqua credit card was accepted in April 2024, with a £1,200 credit limit, and an increase to £2,700 was provided in August 2024.

Miss H raised a complaint with NewDay in July 2025. Her concerns were that the credit limits were excessive when considered against her income and outgoings, there were signs of financial vulnerability such as existing debt and reliance on credit, credit limit increases were applied without thorough affordability reassessments, and her financial obligations were not considered.

NewDay reviewed matters but didn't uphold the complaint. In summary, it thought it conducted proportionate checks and it provided the accounts responsibly. Miss H was dissatisfied with this response and referred her complaint to the Financial Ombudsman Service, raising the same concerns as detailed above.

An investigator considered Miss H's complaint and agreed with NewDay in respect of the Fluid card, on the basis that it had carried out reasonable and proportionate checks of affordability before issuing the credit card and the subsequent increases to the credit limit, and it wasn't unreasonable to lend.

In respect of the Aqua card, the Investigator felt the initial account opening had resulted from reasonable and proportionate checks by NewDay which showed the lending was likely to be affordable. The Investigator thought NewDay ought to have conducted further checks before providing the credit limit increase on the card; however, these checks would have revealed the lending was likely to have been affordable. Overall, they didn't recommend the complaint be upheld.

Miss H didn't accept the Investigator's view and sent additional information to demonstrate the figures NewDay had used in respect of her income were inflated. The Investigator considered these submissions but again concluded that NewDay had conducted reasonable and proportionate checks before agreeing to the Fluid card and the initial Aqua account opening. And the Investigator's consideration of the Aqua credit limit increase suggested reasonable and proportionate checks would have shown the additional potential borrowing was affordable. Therefore, it wasn't obligated to obtain specific income and expenditure details, if its other enquiries didn't indicate any financial difficulties.

Miss H remained dissatisfied with the outcome and requested an Ombudsman's decision, so the case was 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 have reached the same conclusion as the Investigator. I know this will be disappointing for Miss H, but I hope she'll understand my reasoning.

I'd like to acknowledge the difficulties Miss H has faced, and I want to thank her for providing detailed information throughout the investigation of the complaint, and for sharing how her finances have impacted her and the steps she has now taken to address her financial difficulties.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website, and I've used this approach to help me decide Miss H's complaint.

The rules and regulations in place at the time NewDay provided Miss H with the credit cards and credit limit increases, required it to carry out a reasonable and proportionate assessment of whether she could afford to repay the borrowing in a sustainable manner – often referred to as an affordability assessment.

The checks had to be focused on Miss H. This means NewDay had to consider whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. So, it wasn't sufficient for NewDay to consider the likelihood of it getting the funds back or whether Miss H's circumstances met its lending criteria - it had to consider if she could sustainably repay the borrowing. These checks had to be proportionate to the circumstances of the lending and be dependent on factors specific to Miss H. These factors would have included her financial history, current situation and outlook, any indication of vulnerability or financial difficulty, and the amount, type and cost of the credit. I've carefully considered all of this when thinking about whether NewDay did all it needed to, before providing credit to Miss H.

The Fluid credit card and credit limit increases

The credit card account, and subsequent credit limit increases, were granted between March 2022 and August 2023, during which time the combined credit limit available rose incrementally from £2,000 to £4,200. I've considered whether NewDay did what it should have when agreeing to provide credit to Miss H.

Firstly, I have considered whether NewDay completed reasonable and proportionate checks when first agreeing this credit card account. Information about Miss H's income and employment was provided by her during the initial application process, and details of her credit and payment history, together with her expenditure, was validated with Credit Reference Agency (CRA) data.

The information from the time of the application shows Miss H's accounts were being maintained, she wasn't subject to any County Court Judgments (CCJs), Individual Voluntary Arrangements (IVAs) or bankruptcy, and there were none of the usual indicators of financial difficulties, such as defaults, repayment plans, missed payments or payday loans on Miss H's credit file. Therefore, her finances appeared stable, and there was no evidence of

financial difficulties, or an inability to meet her credit commitments. The income and expenditure assessment conducted recorded Miss H's monthly net income as around £1,553, and after it had deducted expenses for credit commitments, housing costs, and living expenses, NewDay recorded a disposable income of around £445, which I've understood to be a monthly figure.

In view of the credit limit provided initially, I'm satisfied the checks undertaken by NewDay were proportionate, and it wasn't unreasonable to provide the opening limit. I say this because the available evidence doesn't raise any concerns about affordability or sustainability, and the income and expenditure checks revealed that the opening limit was likely to be affordable for Miss H.

Before increasing the credit limit, NewDay reviewed how the card was being managed, completed a credit check, and further assessed Miss H's income and expenditure. I've considered the CRA information NewDay relied upon on each subsequent credit limit increase, and again I'm satisfied these checks didn't show any of the usual indicators of financial difficulties, or any inability to maintain the credit agreements Miss H had in place. There is one late payment recorded in May 2022, but I don't think that this in isolation would have highlighted a need to investigate further.

Miss H was generally making minimum payments to her account, though these were supplemented on occasion with her making larger payments, and paying significant sums off the balance. I note also that from the account opening, the card appeared to be broadly operating on an interest free basis, with the first significant interest being debited to the account in January 2023. Miss H largely cleared the balance in March 2023, an indicator that she was actively managing her credit at that time. Miss H's indebtedness had fluctuated but I don't think it reached a level which should have flagged that additional investigations were required before granting credit.

The income and expenditure assessments NewDay carried out evidenced sufficient disposable income to afford the additional lending. These assessments were based on assumptions made about Miss H's income and expenditure (using Office for National Statistics data and Current Account Turn Over data), which can be a reasonable method to utilise, providing there aren't other factors which suggest a deeper understanding of her circumstances was required. Overall, I'm satisfied that in the circumstances the checks NewDay undertook were reasonable and proportionate and they were entitled to rely upon them when making a lending decision. I also think the information showed the lending was likely to have been affordable for Miss H.

So overall, I'm satisfied the decision to issue the Fluid credit card and subsequently increase the credit limit was not unfair to Miss H.

Having considered the Fluid Card, I will now consider the Aqua card and its associated credit limit increase.

The Aqua credit card and credit limit increase

The credit card account, and subsequent credit limit increase, were granted in April 2024 and August 2024 respectively, with the credit limit rising from £1,200 to £2,700. I've considered whether NewDay did what it should have when agreeing to provide this credit to Miss H.

Firstly, I've considered whether NewDay completed reasonable and proportionate checks when agreeing the credit card account. Information about Miss H's income and employment

was provided by her during the application process, and details of her credit and payment history, together with her expenditure, was validated with CRA data.

The information from the time of the application shows Miss H continued to maintain her accounts, and there were no CCJs, IVAs, defaults or bankruptcy noted, and there was no evidence of any issues in managing the current debt. Therefore, her finances appeared stable, and there was no evidence of financial difficulties, or an inability to meet her credit commitments.

Miss H's overall indebtedness had increased quite considerably since the last credit limit increase on the Fluid card, but information provided by Miss H in respect of her gross annual income, demonstrated this too had risen from £21,000 in March 2022, to £27,463 when applying for the Aqua card in April 2024. This revised income, when factoring in the estimates for expenditure, resulted in an estimated disposable income figure of around £350, based upon the assumptions applied by NewDay (using Office for National Statistics data). I've understood this to be a monthly figure.

In view of the credit limit provided initially, I'm satisfied the checks undertaken by NewDay were proportionate, and the decision to lend was fair. I say this because the CRA and internal information did not show any adverse data, which would have prompted it to make additional enquiries in respect of Miss H's circumstances. The calculated estimated disposable income was sufficient to meet the cost of the potential additional borrowing. So overall, I'm satisfied the decision to issue the Aqua credit card was not unfair to Miss H.

In August 2024, just four months after the credit card account was opened, NewDay increased the credit limit, taking it from £1,200 to £2,700. NewDay took steps to understand more about Miss H's income and expenditure based upon assumptions regarding her outgoings, conducted a credit check, and reviewed how her NewDay accounts were being managed. NewDay states these checks were reasonable and proportionate; however, there are some issues that I believe should have prompted it to carry out additional checks at that time.

Critically, the assessment completed by NewDay resulted in an estimated disposable income of £77, which wouldn't leave Miss H with much to address any emergencies or unexpected financial impacts. Coupled with this, NewDay said Miss H did not use the facility for frequent cash withdrawals on the account. This is accurate in respect of the Aqua account; however, Miss H had made a number of cash withdrawals on the Fluid account in the months leading up to the credit limit increase, which can be an indicator of potential financial difficulties. I believe overall therefore that the checks undertaken by NewDay were not reasonable and proportionate in the circumstances, and further investigation and understanding of Miss H's income and committed expenditure should have been undertaken, rather than partly relying on estimates.

In order to determine whether the resulting lending was therefore unfair to Miss H, I have considered what her likely disposable income would have been, based upon her bank statements in the three months prior to the credit limit increase. To be clear, I'm not necessarily saying NewDay needed to review bank statements; it could have understood more about Miss H's income and committed expenditure in other ways. But reviewing statements is a straightforward way for this service to get an understanding of what such investigations would likely have shown.

I have fully reviewed the statements, which show regular income and essential outgoings such as housing costs, financial commitments and other essential committed expenditure, which I've considered when thinking about the affordability of the lending. The account activity shows incoming and outgoing transfers, of which some are labelled in reference to

specific household expenditure, suggesting the members of the household each pay certain bills from their accounts, with contributions made by others. There is a loan credited into the account in June 2024, and the repayments for this do not begin during the period of the statements which have been assessed. However, this loan was predominantly used to consolidate existing borrowing, so I believe, at the time, it would have been reasonable to conclude that the new loan payments would likely be covered by the resulting reduction in payments to other credit arrangements which had been repaid or reduced. So, overall, having reviewed all the information, including income and committed expenditure, I think further checks would have revealed that Miss H was left with sufficient disposable income to afford the increase. It follows therefore that I do not believe the decision to issue the Aqua card and subsequently increase the credit limit was unfair to Miss H.

As noted above, following the Investigator providing their view, Miss H sent more information in support of her complaint. Miss H has provided bank statements and payslips which show the assumed income figures used by NewDay were inflated. I understand Miss H feels strongly that by not requesting these specific details, NewDay lent to her when it shouldn't have done so. However, overall, I don't think the available data indicated a need for NewDay to request additional information in respect of the Fluid account and the initial lending provided on the Aqua account. And, as detailed above, the checks which I believe NewDay should have carried out at the time of the credit limit increase on the Aqua card would have likely revealed the additional lending was affordable.

Miss H has said that her indebtedness and use of consolidation loans should have precluded her from obtaining the credit provided by NewDay. I have carefully considered what Miss H has said throughout my consideration of her concerns. Whilst I understand her strength of feeling in this respect, as detailed above, I can see that for the most part, NewDay made enquiries which I believe were reasonable and proportionate which didn't reveal any substantive issues that meant lending would be unsustainable for Miss H. Where it didn't carry out proportionate checks, the checks I have carried out suggest Miss H could sustainably afford the borrowing. NewDay factored into its assessments Miss H's existing credit commitments, but it wouldn't necessarily be aware of the extent to which the borrowing related to consolidation of debt. I don't think that's a failing on the part of NewDay.

So, I am sympathetic to the difficulties Miss H has experienced and her view that these credit arrangements have had a negative impact on her financial situation. However, I don't think NewDay provided credit irresponsibly here. I know this decision will likely come as a disappointment to Miss H, but I won't be upholding her complaint against NewDay for the reasons explained above.

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

My final decision

It follows that I'm not upholding this complaint as I don't think NewDay Limited lent to Miss H irresponsibly or unfairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept

or reject my decision before 17 February 2026.

David Hilton
Ombudsman