

The complaint

Mr C complains that NewDay Ltd irresponsibly lent to him.

What happened

Mr C was approved for a NewDay branded credit card in June 2021 (which I will refer to as A in this decision) with a £300 credit limit. Mr C was approved for another NewDay branded credit card in August 2022 (which I will refer to as B in this decision). Mr C says NewDay irresponsibly lent to him. Mr C made a complaint to NewDay, who did not uphold his complaint. NewDay said the affordability assessments they completed were proportionate and appropriate. Mr C brought his complaint to our service.

Our investigator partially upheld Mr C's complaint. She said that although she believed the lending was responsible, NewDay should have stopped Mr C making transactions when his account was suspended while he was over his credit limit on B from February 2024.

NewDay asked for an ombudsman to review Mr C's complaint. They said they suspended Mr C's account as he was over his credit limit on B, but this didn't mean he wasn't liable for interest charges. They said they sent him statements each month which showed him how he could contact them. NewDay said that due to the nature of the complaint, they permanently closed down B for further purchases in May 2025. They said in July 2025, Mr C entered into a repayment holiday, so they did assist him.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Before agreeing to approve the credit available to Mr C, NewDay needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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 NewDay have done in date order and whether I'm persuaded these checks were proportionate.

Acceptance for A

The data shows that Mr C declared a gross annual income of £70,000. A Credit Reference Agency (CRA) was reporting no public records, such as a County Court Judgement (CCJ) on Mr C's credit file. They also reported that Mr C had no defaulted accounts.

The information from a CRA showed that Mr C had no repayment plans, no payday loans, and he was not in arrears on any active accounts he held at the time of the checks for A, or for the six months prior to these checks. The checks showed that Mr C had an active debt to declared gross annual income ratio of 4.01%, which would have equated to Mr C having

around £2,807 of unsecured debt.

NewDay also completed an affordability assessment, using information Mr C gave them (such as his income), information from a CRA regarding how much he was paying on a monthly basis for his credit commitments, and modelling to estimate Mr C's other outgoings, which is an industry standard way of estimating outgoings. The affordability assessment showed that Mr C should have a sufficient disposable income in order to meet sustainable and affordable repayments for a £300 credit limit.

So I'm persuaded that NewDay's checks for A were proportionate, and they made a fair lending decision to approve A with a £300 credit limit.

Acceptance for B

The data shows that Mr C declared a gross annual income of £65,000. The information from what a CRA gave NewDay shows that Mr C had no CCJ's, no defaulted accounts, no repayment plans, no payday loans, and he was not in arrears on any active accounts he held at the time of the checks for B, or for the six months prior to these checks.

The checks showed that Mr C had an active debt to declared gross annual income ratio of 4.38%, which would have equated to Mr C having around £2,847 of active unsecured debt.

NewDay again completed an affordability assessment, using information Mr C gave them, information from a CRA, and modelling. The affordability assessment showed that Mr C should have a sufficient disposable income in order to meet sustainable and affordable repayments for a £450 credit limit.

So I'm persuaded that NewDay's checks for B were proportionate, and they made a fair lending decision to approve B with a £450 credit limit.

NewDay have since closed down B, but I'm persuaded that they were fair to do this due to the nature of Mr C's complaint, and him exceeding his credit limit on a number of occasions since B has been opened.

I've considered whether NewDay should have stepped in on B earlier than when they did to close the account. While on the surface, it may appear that Mr C was exceeding his credit limit continuously from February 2024, it would appear that this was due to poor management of the account as opposed to financial difficulty, and I'll explain why.

Mr C's February 2024 statement confirms that NewDay had temporarily suspended the use of his card due to him being over his credit limit, as the outstanding balance was £465.06. His March 2024 statement shows that again his card is temporarily suspended as he was over his credit limit and the outstanding balance was £457.74.

But on 16 February 2024, Mr C made a £40 repayment, which would have reduced his outstanding balance to £425.06 – so he was within his credit limit, and there would now be no need to suspend his card – after all NewDay confirmed this was temporary (due to him exceeding his credit limit).

But Mr C used the card to make two purchases totalling £17.97. Again, after these purchases he was still within his credit limit, but it doesn't appear he considered that interest would be charged to the account. Therefore he exceeded the credit limit which started the cycle of him exceeding his credit limit, coming back within his credit limit, making a purchase/purchases, interest being charged, then exceeding his credit limit again. This pattern occurred on each statement I've viewed up until his April 2025 statement.

So as Mr C had evidenced that he could make repayments to go back within his credit limit, I wouldn't have expected NewDay to have restricted him using B when he was within his credit limit. Mr C was making repayments in excess of his minimum repayment, so I can't fairly say it would be apparent to NewDay at this time that Mr C couldn't manage the credit limit on B, when he returned to credit each month and made repayments higher than he was required.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that NewDay lent irresponsibly to Mr C or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here."

I invited both parties to let me have any further submissions before I reached a final decision. NewDay accepted the provisional decision. Mr C did not respond to the provisional decision.

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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 December 2025.

Gregory Sloanes
Ombudsman