DRN-5968471

The complaint

Mrs D complains that NewDay Ltd trading as Marbles lent irresponsibly when it approved her credit card application and later increased the limit.

What happened

Mrs D applied for a Marbles credit card in March 2022. In her application, Mrs D said she was employed with an annual income of £24,000 that Marbles calculated left her with £1,733 a month after deductions. A credit search found Mrs D had existing debts of around £5,500 with monthly repayments of £232. There was no adverse credit limit County Court Judgements, IVAs or defaults on Mrs D's credit file but one of her commitments was in arrears at the point of application.

Marbles completed an affordability assessment using Mrs D's income, credit commitments and estimates for her other regular outgoings. Marbles calculated Mrs D had a disposable income of around £983 and approved her application, issuing a credit card with a limit of £600.

Mrs D used her credit card and Marbles went on to increase the limit to £1,450 in January 2023 and £1,700 in August 2023. Mrs D's account later fell into arrears and was ultimately closed at default.

More recently, Mrs D complained that Marbles lent irresponsibly and it issued a final response. Marbles said it had carried out the relevant lending checks before approving Mrs D's application and increasing the limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Mrs D's complaint. They thought Marbles completed proportionate checks before approving Mrs D's application and that its decision to proceed was reasonable based on the information it obtained. The investigator wasn't persuaded Marbles completed proportionate checks before both credit limit increases so looked at Mrs D's bank statements for the months before each to get a clearer picture of her circumstances. The investigator thought Mrs D's bank statements showed she had sufficient income remaining each month to sustainably afford the credit limit increases and didn't uphold her complaint.

Mrs D asked to appeal and said her earnings were less than states at the time of application. Mrs D also said her income reduced when the credit limit increases were approved and that she'd had a lot of time off work with mental health issues. As Mrs D asked to appeal, her complaint has been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Marbles had to complete reasonable and proportionate checks to ensure Mrs D could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information that Marbles used when considering Mrs D's application above. Mrs D confirmed she was working with an annual income of £24,000 and Marbles calculated the net monthly figure of £1,733. The credit search found Mrs D's existing debts of around £5,500. I can see that Mrs D had a missed payment in the month she applied to Marbles, but I think it's fair to note the other credit file information didn't show higher arrears levels in the preceding six months. And no other adverse credit or defaults were noted on Mrs D's credit file. I'm satisfied Marbles got an accurate picture of Mrs D's existing debts and took them into account when considering her application.

Marbles also carried out an affordability assessment taking Mrs D's credit commitments and estimates for her general living expenses into account. Ultimately, Marbles says Mrs D will've had around £983 a month remaining as a disposable income after her existing outgoings were met. I'm satisfied that was a reasonable position for Marbles to reach following its lending checks. In my view, Marbles completed proportionate lending checks before approving Mrs D's application and its decision to do so was reasonable based on the information it obtained. I'm sorry to disappoint Mrs D but I haven't been persuaded Marbles lent irresponsibly when it approved her application and issued a credit card with a £600 limit.

Like the investigator, I think Marbles should've carried out more detailed checks before approving both credit limit increases. I note that before the first credit limit increase Mrs D had a recent default on her credit file. And the second credit limit increase took it to £1,750 which was substantially higher than the original. In the circumstances, I think further checks should've been completed. One option available to Marbles would've been to review Mrs D's bank statements for the months before each credit limit increase which is the approach I've taken.

I've looked at the three months before the first credit limit increase was approved in January 2023. I found Mrs D's income was made up of paid work and benefits. I found Mrs D's average income came to £1,575 a month. Mrs D's average outgoings on items like food, her existing debts, mobile phone costs and contributions to rent and household expenses came to around £1,007 a month. That left Mrs D with around £400 remaining to cover her other outgoings. In my view, Mrs D's bank statements show she had capacity to sustainably afford the credit limit increase to £1,450 in January 2023. I think it's more likely than not that better checks by Marbles would've still led it to approve the credit limit increase and haven't been persuaded it lent irresponsibly.

In the three months before the second credit limit increase was approved in August 2023, I found Mrs D's average monthly income was around £1,460. In the same period, Mrs D's regular outgoings (as above) came to an average of £946 a month. That left Mrs D with around £500 a month after her existing outgoings were met. In my view, that figure was sufficient to sustainably afford the increase of £250 taking the credit limit to £1,700 in August 2023. Having considered Mrs D's bank statements, I think it's most likely Marbles would've still approved the credit limit increase to £1,700 in August 2023 if its lending checks had gone further. I'm sorry to disappoint Mrs D but I haven't been persuaded Marbles lent irresponsibly when it approved the second credit limit increase.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Marbles lent irresponsibly to Mrs D or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 6 January 2026.

Marco Manente
Ombudsman