

The complaint

Mr A complains that NewDay Ltd irresponsibly lent to him.

What happened

Mr A was approved for a NewDay branded credit card in December 2023 (which I will refer to as A in this decision), with a £900 credit limit. On the same day, Mr A was approved for a different NewDay branded credit card (which I will refer to as B in this decision), with a £1,500 credit limit. Mr A says these were irresponsibly lent to him. Mr A made a complaint to NewDay, who did not uphold his complaint. NewDay said the accounts were lent responsibly, and the affordability results were appropriate and proportionate. Mr A brought his complaint to our service.

Our investigator did not uphold Mr A's complaint. He said NewDay's checks were proportionate, and they made fair lending decisions. Mr A asked for an ombudsman to review his complaint. He made a number of points. In summary, he said he accepted that he didn't provide an accurate income figure on the applications out of desperation, and NewDay shouldn't have just relied on the income he declared. He said at the time of the applications, he had a County Court Judgement (CCJ) active, along with other financial difficulties.

Mr A said that both applications were made on the same day, and NewDay should have realised the risk of him being financially overextended. He said he was caused financial harm with the accounts as he can't afford the interest and the repayments, and he told us the impact on his mental health. Mr A said that NewDay created an unfair relationship by advancing unaffordable credit without adequate checks.

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 approve the credit available to Mr A, 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.

As A and B were approved on the same day and the checks showed largely the same information, then I will assess whether fair lending decisions were made collectively as opposed to repeating what the checks for each card said.

The information shows that Mr A declared a gross annual income of £42,000 on both applications. While Mr A has told us out of desperation, he increased his income to get the credit, NewDay wouldn't know this. And it would be reasonable for them to expect an applicant to tell the truth about what they earned when applying for credit.

But NewDay didn't just take Mr A's word for his income as they completed a further check known as Current Account Turnover (CATO), and a Credit Reference Agency (CRA) was able to verify the credits going into Mr A's account(s) as being consistent with what he declared as his gross annual income.

Mr A was showing as having an outstanding public record, such as a CCJ. But the data showed this was registered 61 months prior to the application checks. It may help to explain here that, while information like a CCJ on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks NewDay completed, to see if they made a fair lending decision here.

The CRA reported that Mr A had no defaulted accounts, no repayment plans in place, no payday lending, no active accounts in arrears at the time of the checks, and no active accounts in arrears in the prior six months. He was also not showing as being bankrupt in the last three years.

NewDay also completed an affordability assessment. They used information from the CRA regarding Mr A's monthly credit commitments, and modelling, which is an industry standard way of estimating expenditure. The affordability assessments showed that Mr A would be able to comfortably sustain affordable repayments for the combined £2,400 credit limit.

Mr A was showing as having an active unsecured debt to declared gross annual income of 0.99% which would have equated to around £415.80 of active unsecured debt. While applying for two accounts on the same day could indicate financial difficulty, I need to be mindful that different brands may offer different features, and so NewDay wouldn't realistically believe that Mr A was financially struggling at the time of the applications when his active debt to income was so low, and he had no recent adverse information on his credit file.

So it wouldn't be foreseeable to NewDay that Mr A would have problems making repayments for the accounts based on what the data showed. NewDay are not required to request evidence of earnings, such as a bank statement for each lending decision they make as this would not be proportionate. Here, I'm not persuaded that it would have been proportionate for them to request Mr A's bank statement as there would be no reason for them to believe Mr A would not give them current information, especially when CATO verified this, and there was no recent adverse credit being registered, and little active unsecured debt.

I'm sorry to hear of the impact the lending has on Mr A's mental health. If Mr A is not able to currently afford repayments for the account, I would urge him to contact NewDay to make them aware of his personal and financial circumstances so they can work out an affordable repayment plan for him.

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 A 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 2 January 2026.

Gregory Sloanes
Ombudsman