

The complaint

Mr O complains that NewDay Ltd, trading as Aqua, lent to him irresponsibly.

What happened

In September 2020, NewDay provided Mr O with a credit card. It had an initial opening limit of £300; that limit was increased several times over the years, as follows:

- to £1,050 in March 2021
- to £2,300 in July 2021
- to £3,300 in November 2021
- to £4,650 in February 2023
- to £6,400 in June 2023
- to £7,900 in October 2023

Mr O complained to NewDay in 2025. He said, in summary, that the credit had been provided to him irresponsibly – and was particularly concerned about lending decisions taken in 2023. NewDay didn't uphold Mr O's complaint; it said it had lent responsibly based on the results of the proportionate checks it had carried out for each lending decision.

Mr O contacted this Service for an independent review, and an Investigator here looked at what had happened. Having done so, they didn't think Mr O's complaint should be upheld. In short, the Investigator said NewDay had carried out proportionate checks for some lending decisions – that said, it ought to have carried out more detailed checks for others. Broadly though, nothing in the results of the checks it did carry out suggested the credit would be unaffordable for Mr O; even if it had gone further in its checks when it ought to, the information available from the time suggested the credit was still affordable. So, overall, NewDay hadn't lent irresponsibly.

Mr O disagreed, and he asked for an Ombudsman's decision. Largely, he reiterated his belief that the lending wasn't affordable. As no agreement has been reached, Mr O's complaint has now 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.

At the outset, I want to be clear that I have read and considered all that Mr O – and NewDay – have said and provided; but I haven't commented on each and every point. Instead, I've focussed on what I deem to be the crux of the matter, and I've deliberately not addressed

each lending decision individually. That's not meant as any discourtesy. Instead, it's simply to align with our purpose as an informal service.

Our Investigator already set out the level of checks NewDay completed for each lending decision, so I won't repeat the same ground in the same detail. In summary though, NewDay carried out an affordability assessment by reviewing Mr O's income and essential expenses, and it also looked at Credit Reference Agency ("CRA") data to build a view of his existing credit commitments and how he was managing them.

To highlight an important point, there are no fixed checks a business must complete when reviewing an application for credit. There isn't a requirement, of any kind, on a lender to review specific things such as payslips, or bank statements, for example. Rather, it was up to NewDay to determine what it would like to see; its obligation was to perform proportionate checks to be able to understand whether Mr O could make his payments in a sustainable manner before agreeing to lend. How it did so, was ultimately up to NewDay.

Looking at what happened here in Mr O's scenario, broadly speaking, I agree with our Investigator who found that NewDay's checks were proportionate on some occasions but not others. For lending decisions taken between account opening, in September 2020, and the fourth credit limit increase – to £4,650 in February 2023 – I think NewDay's checks went far enough. The information I have available indicates the results of those checks painted a broadly stable picture of Mr O's finances. Recorded CRA data suggested his existing commitments were up to date; Mr O's income figures – taken from CRA data – against his declared outgoings showed he'd have enough disposable income to meet the repayments, and no County Court Judgments or Individual Voluntary Arrangements were recorded either. Overall, I don't think the results of NewDay's checks, for these lending decisions, ought to have given it cause for concern.

Having said that, I do think NewDay had reason to go further in its checks when it increased Mr O's limit in June and October 2023. The amount of credit now being provided, combined with the relatively quick, successive, increases in the credit limit over 2023 likely warranted some additional examination of Mr O's circumstances.

That doesn't mean NewDay was obliged to request and review Mr O's bank statements to fully verify his financial position, though. In fact, I think that would likely have been too much scrutiny given other data again didn't suggest any financial struggles. NewDay could, perhaps more appropriately, have taken steps to be certain on Mr O's income and questioned him in more detail about his essential expenditure – but I'll stress again that there was no requirement for it to forensically review his outgoings, or current account conduct.

When thinking about further checks and what they would have revealed, assessing the bank statements from the time – which Mr O has provided – are one way for me to understand what more detailed checks likely would've uncovered. Looking at those, if NewDay had carried out further checks then I think, on balance, it's more likely than not that it still would've lent. I say that largely because the statements indicate Mr O would, on the face of it, have had enough disposable income remaining – after essential expenses and existing commitments – to afford repayments of the credit being provided, and any unforeseen

expenses.

Mr O will likely disagree with that, and I know he's mentioned how his wider financial situation was much worse than it appeared; but as I've said, NewDay wouldn't have needed to review his bank statements at all. Instead, verifying Mr O's income and understanding more about his essential expenditure would likely have been enough – there are several ways it could've done that – and the fact is that NewDay wouldn't have needed to know about *everything* Mr O was spending.

Overall then, based upon what I have, and for all the reasons I've set out, I don't think NewDay could have known – or ought to have known – that the credit provided here was unaffordable at the time of lending. Mr O will no doubt be significantly disappointed by what I've said, and I'm sorry about that, but in all the circumstances I can't reach the conclusion that NewDay lent irresponsibly; its checks didn't return any cause for concern and, if it had gone further when it should have, I don't think it would've discovered reason not to lend.

To be clear, I'm not saying Mr O's situation wasn't just as he's said – but again, thinking about what NewDay uncovered at the time, and what further checks would likely have revealed, I can't fairly say that NewDay did something wrong by approving the lending here. I don't think it would have had, or should have had, concern enough to decide not to lend.

While some checks weren't necessarily proportionate, and NewDay should've gone further, I can't say it's likely that NewDay ever would've uncovered the true position of Mr O's finances. It simply wouldn't have known that his situation was worse than it appeared – and that isn't a failing, for the reasons I've explained. So, in closing, I can't fairly conclude that NewDay acted irresponsibly or otherwise treated Mr O unfairly in relation to this matter; it follows that I don't uphold the complaint. 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 final decision is that I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 18 March 2026.

Simon Louth
Ombudsman