

The complaint

Miss C has complained that NewDay Ltd were irresponsible in providing her with two Aqua credit cards and increasing the credit limit on one of the cards.

What happened

In January 2023, NewDay provided Miss C with an Aqua credit card, account ending 551, with a credit limit of £450. It then increased the credit limit to £1,450 in May 2023.

In June 2025, NewDay then provided Miss C with an additional Aqua credit card, account ending 121, with a credit limit of £1,200.

Miss C says the lending decisions were irresponsible. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

An investigator reviewed the merits of Miss C's complaint and felt that Aqua hadn't done anything wrong in supplying the first card in 2023 or when increasing the credit limit. They did however agree with Miss C that the second credit card shouldn't have been supplied in 2025.

NewDay accepted the investigator's view, but Miss C didn't. In summary she felt that had NewDay reviewed her bank statements as part of a more thorough assessment in 2023, it would have seen that the credit was unaffordable.

As an agreement hasn't been reached, the complaint has 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.

As Miss C and NewDay have agreed with our investigator regarding the second credit card, provided in 2025, there is no requirement for me to investigate that, so I'll focus only on the decisions relating to the first credit card in this section.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss C's case.

I've decided that NewDay acted fairly when providing the first credit card in 2023 and when increasing the credit limit, later the same year, so I'll explain why.

I think the checks NewDay did before providing the credit and increasing the limit, were reasonable and proportionate given the credit limit it offered and what it knew about Miss C's financial situation.

When providing the credit card, NewDay's checks showed that Miss C had a historical default around 41 months before the application, and a missed or late payment in the last six months.

Its other checks calculated the required repayments on Miss C's existing debt, along with housing costs and cost of living. As Miss C had declared an annual income of £36,000,

NewDay concluded that there was a healthy disposable income remaining after all the costs were considered.

I think that because of the modest credit limit being offered, NewDay had undertaken reasonable and proportionate checks.

Prior to the credit limit increase, NewDay performed similar checks and were also able to see that Miss C appeared to be managing her account well. One late payment fee had been applied, but Miss C was making regular payments that were significantly above the minimum required.

Based on the information NewDay gathered and what it knew about Miss C's circumstances, there was nothing to suggest Miss C was likely to be unable to repay the credit, even if the full credit limit was utilised.

Miss C has provided us with copies of her bank statements to support her position. But I don't consider NewDay needed to review them before providing the credit given what its credit checks showed. So, while I appreciate her strength of feeling, I don't consider it would be fair to place weight on the content of her bank statements in determining whether NewDay acted fairly.

This means I don't think NewDay did anything wrong when it provided the first credit card, account ending 551, or when it subsequently increased the credit limit, during 2023.

Putting things right

As NewDay shouldn't have provided the Aqua credit card ending in 121, in June 2025, I don't think it's fair for it to be able to charge any interest, fees or charges under the credit agreement. But I think Miss C should pay back the amount she borrowed. Therefore, NewDay Ltd should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded).
- If the rework results in a credit balance, this should be refunded to Miss C along with 8% simple interest per year calculated from the date of each overpayment to the date of settlement*. NewDay Ltd should also remove all adverse information regarding this account from Miss C's credit file.
- Or, if after the rework an outstanding balance remains, NewDay should arrange an affordable repayment plan with Miss C for the remaining amount. Once Miss C has cleared the outstanding balance, any adverse information in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires NewDay Ltd to take off tax from any award of interest. It must give Miss C a certificate showing how much tax it's taken off if she asks for one.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out above, results in fair compensation for Miss C in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

It's my final decision, that I'm upholding this complaint, with regards to account ending 121, and NewDay Ltd must put things right as I've set out above.

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

or reject my decision before 16 March 2026.

David Barker
Ombudsman