

The complaint

Mr I complains that NewDay Ltd trading as BIP (NewDay), lent to him irresponsibly when offering five credit limit increases to his account.

What happened

Mr I opened a BIP account with NewDay and was then offered and accepted five credit limit increases as shown below:

Date	Event	Credit Limit
March 2022	Account Opening	£450
October 2022	Credit Limit Increase 1	£1,200
June 2023	Credit Limit Increase 2	£1,800
October 2023	Credit Limit Increase 3	£2,650
February 2024	Credit Limit Increase 4	£3,300
June 2024	Credit Limit Increase 5	£4,650

In summary, Mr I says that NewDay failed to carry out proportionate checks before each increase to his credit limit. He says had they done so, this would have revealed overdraft and loan commitments which made further lending inappropriate. Mr I says this caused him to experience increasing financial difficulties and amounts to a breach of NewDay's duty of care towards him.

Mr I complained to NewDay in July 2025 who investigated the matter but did not uphold his complaint. In their Final Response Letter of August 2025 NewDay say they carried out reasonable and proportionate checks at the point the account was opened and on each of the subsequent increases. NewDay say these showed Mr I could likely afford each increase they offered and their lending was fair. Mr I disagreed and brought the matter to this service in August 2025

An investigator considered the available evidence and merits of Mr I's case. He said the checks performed by NewDay had been appropriate and proportionate in the first four increases and those lending decisions had been fair. In his view, the checks for the final increase had been inadequate and NewDay should have done more. However, had they made appropriate checks it would likely have shown Mr I could have afforded to repay the lending and as such it was a fair decision.

Mr I disagreed and so the case has come to me to make a final 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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website – including the key relevant rules, guidance, good industry practice and law.

In short, lenders must ensure that any credit that is approved is affordable and sustainable for the borrower. I've followed our approach when deciding Mr I's complaint.

I recognise that Mr I has faced significant difficulties over recent years and I don't doubt that these included the financial difficulties he describes. While not wishing to add to those challenges, and recognising it will disappoint Mr I, having considered the available evidence, I agree with the investigator's view. I will explain why I have decided this.

I will deal briefly with the account opening which appears not to be in dispute. I will then consider increases one to four together as they are broadly similar both in terms of issues and outcome. Finally, I will look at the fifth increase where different considerations apply.

Initial application

Mr I's complaint focuses on the five increases to his initial credit limit and not to the opening of the account. However, I have considered this as part of reaching my decision as it sets the baseline for the checks performed by NewDay as part of their lending process. When Mr I applied for his account NewDay considered his application on which he declared an annual gross income of £30,000. This was validated with credit agency data and Current Account Turn Over (CATO) data. NewDay then applied a combination of Mr I's declared expenses, their own modelling, credit file data and their own policies to understand Mr I's financial position.

This revealed a broadly positive credit history with the exception of a single default 27 months before the application. NewDay appear to have considered this to be historic which I think was reasonable. There were no County Court judgments (CCJs), arrangements with creditors or bankruptcies recorded. No payday loans were present and other accounts were in order.

Given the initial credit limit was £450 I think these checks were appropriate and proportionate for the lending. Having seen the calculations used by NewDay to consider sustainable repayments I also find that the lending decision was fair.

Credit Limit Increases one to four

I have considered these increases together, as they form a pattern with the same issues and considerations applying across all four lending decisions.

I note Mr I says that no evidence has been provided of checks being made by NewDay for some of the subsequent credit limit increases. . .

I can reassure Mr I that I have been provided with NewDay's affordability approach to both new lending and increases to existing accounts. I have read this and the evidence supplied by NewDay for this case, including relevant credit files and NewDay's case file. Having looked at these, I am satisfied to the balance of probabilities that checks were performed at each credit limit increase. I will now turn to whether they were appropriate and proportionate.

In each of the first four credit limit increases NewDay offered the increase because of regular checks showing positive management of the account. Before offering each increase, NewDay say they consulted credit reference agencies, CATO data and the existing management of accounts held with them.

In each case the credit file data was broadly consistent showing accounts being relatively well maintained with no late or over payment fees. No new defaults or new payday loans, CCJs or other arrangements with creditors had been entered into across this period. Similarly, existing accounts were up to date. Though utilisation was high, I must balance this

against multiple occasions where far in excess of the minimum payment was being made to the account.

There was a single case of a cash advance being made against the account, however this was isolated and does not of itself indicate financial difficulty. Overall, the credit data was broadly positive with total indebtedness reducing and considerable overpayment of minimum payments. I also note the financial situation allowed Mr I to secure a mortgage, indicating his finances were generally improving.

Given the good management of the NewDay account, the scope of the checks performed and the broadly consistent and positive credit file data, I think the checks made for these increases were reasonable and appropriate for the lending.

I note Mr I's concern that NewDay should have seen his overdraft use at this stage. The checks NewDay completed doesn't differentiate between Mr I's revolving balances, however they do show the lines of credit were being well managed. Using an overdraft, within the terms set, alone isn't enough to suggest someone is in financial difficulties. I also don't think it would have been appropriate for NewDay to refer to current account statements given the broadly positive credit file data so they would never have seen detailed bank transactions.

Having seen the relevant credit file data and calculations of affordability performed by NewDay, I am satisfied NewDay considered sustainable repayment of the new lending. Based on the information I have seen this showed it was likely that sustainable repayment could be made and as such the lending decision was fair.

Fifth credit limit increase

NewDay say they carried out the same process of affordability checks before offering the fifth credit limit increase to Mr I.

The data contained within the credit agency reports was mixed at the time of this increase. The trend of overpaying the minimum payment continued with nearly double the monthly payment made in April, just two months before this increase. The total payments to loans had also reduced by nearly £500 per month and there were no late fees or missed payments recorded.

But, there were multiple adverse items showing on the credit file which were new. External revolving credit utilisation had risen to 82% with NewDay account utilisation reaching 101%. Total indebtedness had risen markedly to £50,000. There was a recent payday loan search recorded within three months of the increase and a 'Block H' marker had been applied the month before the increase. In addition, a new cash advance had been taken for £231 the month before the increase.

With this number of adverse or potentially adverse factors, and as NewDay were seeking to offer an additional £1,300 limit increase, I don't think NewDay's checks were sufficient to make a further lending decision.

I would have expected NewDay to validate income other than by account turnover figures. I would also have expected further investigation into both current expenditure and clarification of his broader financial situation. This need not have led to examining current account statements, but would certainly have included gathering further information from Mr I. It follows from what I say that I don't think these checks were reasonable or proportionate. Having found NewDay's checks for the fifth increase were not reasonable and proportionate,

I must next consider a second test. I recognise that Mr I expressed concerns about this step in his response to the investigator's view. He asks why go further if the checks made were not sufficient. But just because checks didn't far enough, it doesn't automatically mean the

lending was unaffordable. I will now consider what would likely have been found if sufficient checks had been made.

To answer this question, I have relied upon the current account statements provided by Mr I for the three months running up to the fifth increase. This is because it is the best evidence I have from the period. I have not conducted a forensic examination, but rather tried to understand broad income and spending to replicate further information that may have been requested from Mr I. Having done this my calculations are closely aligned to those performed by the investigator.

I will briefly address two points raised by Mr I, asking why payments he received from his wife and payments from his business account have been included in his income calculations. Financial Conduct Authority (FCA) rules (CONC 5.2.A 12) permit income from a spouse paid into an account for payment of expenses such as bills to be considered as income for affordability purposes. Having reviewed the file, I am happy the investigator has reasonably included them in this case.

I note Mr I's business account paid money into his personal account and this was available for payment of general expenditure. In these circumstances, it would be reasonable to include these payments in income calculations. I note the investigator offered to remove funds transferred from the business account if these could be evidenced as business expenses. As no details have been provided by Mr I, I am content that these were included by the investigator in his view.

I have also re-run the assessment excluding any transfers from Mr I's business account and reach the same conclusion, so payments from Mr I's business accounts make no material difference.

I have considered the materials available to me and having adjusted the investigators figures to exclude any payments from Mr I's business accounts for the three months running up to the lending decision.

These show an average monthly income of around £3,700 with a disposable income just over £600 on each of the months examined. Across these months more than the minimum monthly payments were being made to NewDay and other debt was being paid down. This would appear to demonstrate an improving financial situation.

Given these factors, had NewDay performed proportionate and reasonable checks at the time of the lending it would likely have shown that the lending could be repaid sustainably. It follows from what I have said that I think the lending decision was fair.

In reaching my conclusions, I've also considered whether the lending relationship between Mr I and NewDay might have been unfair to Mr I under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that NewDay did not lend irresponsibly when providing Mr I with the credit card, or by increasing his credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr I's complaint against NewDay Ltd trading as BIP

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 17 March 2026.

Richard Bellamy
Ombudsman