

The complaint

NewDay Ltd trading as Aqua (Aqua) provided Miss L with a credit card in 2024. It initially had a credit limit of £600. The credit limit was increased three times, with the final limit increase in April 2025 to £3,800. Miss L says the credit was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

Having considered everything, I'm upholding Miss L's complaint. I'll explain my reasoning below:

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 L's case.

Our Investigator thought that Aqua should have conducted further checks before granting the first and second credit limit increases, but that if it had done so it would have reasonably considered the new credit limits to be affordable for Miss M. Both parties accepted our Investigator's opinion, so I haven't considered those lending decisions in detail. Instead, I've focused on the final credit limit increase.

I've decided the final credit limit increase wasn't provided fairly because:

- I don't think the checks Aqua did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Miss L's financial situation.
- If Aqua had done proportionate checks, I think it's likely these would have shown it was unfair to provide the credit to Miss L. I say that as the bank statements Miss L has provided show that her monthly income was around £1,920, and her essential living expenses and existing credit commitments averaged around £2,007.
- Based on the information Miss L has provided about her circumstances at the time, I think it should have realized Miss L was likely to be unable to sustainably repay what she was being lent.

This means I don't think Aqua should have granted the final credit limit increase to £3,800 to Miss L.

I've 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 below, results in fair compensation for Miss L 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.

Putting things right

To resolve this complaint, NewDay Ltd trading as Aqua should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £3,100 after April 2025
- If the rework results in a credit balance, this should be refunded to Miss L along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. NewDay Ltd trading as Aqua should also remove all adverse information recorded after April 2025 regarding this account from Miss L's credit file.
- Or, if after the rework the outstanding balance still exceeds £3,100, NewDay Ltd trading as Aqua should arrange an affordable repayment plan with Miss L for the remaining amount. Once Miss L has cleared the outstanding balance, any adverse information recorded after April 2025 in relation to the account should be removed from her credit file.

*HM Revenue & Customs requires NewDay Ltd trading as Aqua to deduct tax from any award of interest. It must give Miss L a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

My final decision

My final decision is that I'm upholding this complaint and NewDay Ltd trading as Aqua must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 2 March 2026.

Frances Young
Ombudsman