

The complaint

Mr D complains that NewDay Ltd, trading as BIP, lent to him irresponsibly, and then increased the credit limit on the account, without carrying out proper affordability checks. He would like all the interest and charges associated with the credit card account refunded.

What happened

In September 2021 NewDay approved a credit card account for Mr D with a credit limit of £1,200. When assessing the application, NewDay appears to have asked Mr D some questions about his income; estimated his expenditures; and I can see it obtained a high-level credit score before approving the lending.

In April 2022 NewDay increased the credit limit to £2,200 and then again to £2,950 in September 2022.

The investigator looked at the evidence and thought that NewDay's checks went far enough and didn't reveal any concerns which she thought should have led NewDay to a different lending decision. So she didn't uphold the complaint. Mr D disagreed, highlighting how his vulnerabilities haven't been taken into account, and also reiterating that NewDay should have carried out more extensive checks, and asked an ombudsman to look at his case.

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 done so, I'm not upholding it, essentially for the same reasons as the investigator.

My starting point in reaching my decision is to first look at what information NewDay had when considering Mr D's credit card application, and the two credit limit increases. Then I need to consider what information it *should* have gathered, given what it knew about Mr D and his circumstances. If I find that the checks *weren't* proportionate, I will need to go on to consider whether any additional information ought to have led NewDay to conclude that the borrowing in question was unaffordable for Mr D.

The regulations in force required potential lenders to carry out "proportionate checks" and prescribed nothing more – so the exact nature and depth of checks that need to be carried out in order to be proportionate vary from lending decision to lending decision. There was and is no automatic requirement for a lender to, for example, verify what a customer is telling them, or review bank statements.

I will look at each lending decision in turn.

Account opening – September 2021

In September 2021 NewDay appears to have asked Mr D about his income, and it seems he disclosed an annual income of £70,000. Based on that it would appear that NewDay went on to estimate his key expenditures, and so arrive at an estimated disposable income of nearly £2,400. I can see that the credit file information obtained by NewDay showed no concerns, such as missed payments or defaults, and identified a comparatively modest amount of unsecured debt.

Given the similarly modest credit limit, and Mr D's declared income, I think NewDay's checks were proportionate, went far enough, and suggested that this borrowing would be affordable for Mr D.

1st Credit Limit Increase – April 2022

When considering this credit limit increase, NewDay reviewed data from credit reference agencies (CRA) and also had the benefit of about six months of account conduct to rely on.

There is only one change of potential concern, which is that by this point Mr D appears to have missed a payment on a credit account (although not this credit card) in the preceding six months. However, it doesn't appear that his overall indebtedness had increased and the conduct of this account had been entirely unproblematic. In brief, he appears to have been regularly using the NewDay credit card but also substantially paying it off. I also note that Mr D had a large amount of unused revolving credit.

I think it's reasonable to conclude that one missed payment is insufficient to signal any substantial affordability concerns. On the other hand, I accept that this was a significant credit limit increase of around 83%. But, in the round, and considering the wider picture of Mr D's financial position, I think that NewDay's checks at this point were also proportionate, went far enough, and suggested that this additional borrowing would be affordable for Mr D.

2nd Credit Limit Increase – September 2022

By September 2022, credit information suggested that Mr D's unsecured debt had reduced quite significantly, and it seems that he hadn't been using this credit card at all.

Looking at the ongoing CRA data, it seems that Mr D had returned to a position of being up-to-date with all payments from May 2022. However, in the September report, it would seem that he had again missed a payment. I have thought very carefully about this and whether it should have led NewDay to carry out more in-depth checks before increasing Mr D's credit limit. But, taking everything into account, this issue continues to be a minor one and does not undermine all the other signs of financial health that were present.

And so, again, I conclude that NewDay's checks at this point were also proportionate, went far enough, and suggested that this additional borrowing would be affordable for Mr D.

Overarching issues

In response to the investigator's view, Mr D highlighted several reasons why he disagreed.

He says that the applicable rules (known as "CONC") required NewDay to consider, "...actual, verifiable expenditure..." as part of its lending decisions. But that isn't the case. As I set out at the beginning of this decision, there are no prescribed checks. And I have

seen no evidence to suggest that there was anything NewDay knew about Mr D that should have raised concerns and so led it to, for example, verify his expenditure. Or request his bank statements.

He also mentioned harmful gambling that should have been taken into account. However, there are no gambling transactions on any of the statements I have seen. The transactions to which I believe Mr D is alluding were masked and showed as being a form of purchase from another financial organisation. So NewDay was not in a position to recognise any such concerns.

Finally, Mr D has been kind enough to share information with us about difficulties and vulnerabilities he's experienced over the last five years. I am so sorry to hear about those. But NewDay has confirmed that it knew nothing about those problems until February 2025. So it couldn't have taken them into consideration when making these lending decisions.

Having considered everything carefully, I don't think NewDay did anything wrong when reaching these lending decisions.

My final decision

For the reasons I've explained above, I don't uphold this complaint and NewDay doesn't need to do anything.

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

Siobhan McBride
Ombudsman