

## The complaint

Miss N complains NewDay Ltd trading as Aqua (“NewDay”) lent to her and increased her credit limit, putting her into further financial difficulty.

## What happened

In September 2020, Miss N applied for a credit card with NewDay. The application was approved, and she was provided with an initial limit of £600.

The credit limit was increased on five occasions over the following two years. The first increase was in June 2021 and Miss N’s new credit limit was £1,600. The second increased her limit to £3,100 and took place in November 2021. In February 2022 the limit was increased to £4,350, followed by an increase to £5,850 in July 2022. The final limit increase took place in November 2022 and Miss N’s new limit was £7,350.

Miss N complained to NewDay in August 2025. She said she felt the lending was irresponsible, she was left crippled financially as a result of the increases and felt NewDay paid no regard to her actual affordability. Overall, Miss N doesn’t think the checks completed by NewDay were sufficient.

NewDay responded to her complaint the following month – rejecting the complaint. They said she had no defaulted accounts, no payday lending and didn’t miss any payments, so therefore they believe the checks they completed were proportionate.

In September 2025, Miss N referred her complaint to the Service. An Investigator here looked into things – and they didn’t think NewDay had acted unfairly when lending to Miss N. They found checks were proportionate at account opening, but they thought NewDay ought to have done more at the point of each increase. They found, from reviewing Miss N’s current account statements from the time, that even if NewDay had done more, they still would’ve lent to her and therefore their decisions to lend were fair.

NewDay didn’t respond to the complaint but Miss N did. She didn’t agree the decisions to lend were fair and sent further evidence to show full details of her income and expenditure. A second opinion was issued by the Investigator where they reiterated their initial findings – they detailed Miss N’s income and expenditure assessment and demonstrated Miss N was left with a positive balance each month.

Miss N remained unhappy with the answer – she said at the point of the final increase, she was left with only £150 per month disposable income to afford a number of items that hadn’t been accounted for. Because an agreement couldn’t be reached, the complaint was passed to me, and I previously issued a provisional decision which said the following:

*I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.*

*The rules and regulations in place at the time NewDay provided Miss N with the credit card*

*and subsequent increases required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.*

*The checks had to be 'borrower' focused. This means NewDay had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss N. In other words, it wasn't enough for NewDay to consider the likelihood of them getting the funds back or whether Miss N's circumstances met their lending criteria – they had to consider if Miss N could sustainably repay the lending being provided to her.*

*Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether NewDay did what was needed before lending to Miss N.*

### Account opening

*When Miss N applied for a card, NewDay gathered information regarding her financial circumstances. It recorded that she was earning a salary of around £18,000 per year and had outstanding debt that cost around £330 a month and housing costs of around £200 per month. She had no defaults at the time of application. This was collated using the information Miss N declared at application, and an external credit check.*

*I believe the checks NewDay carried out were proportionate, and considering the amount being provided to Miss N, and the information they gathered in these checks, I don't think they acted unfairly when providing her with the credit card. I say this because it was for a modest amount of £600, and there were no signs of financial difficulty in the past. It wouldn't be a significant cost for Miss N to repay this credit in a reasonable period of time based on her salary and existing credit commitments.*

*Therefore it follows that I think NewDay acted fairly when providing Miss N with the initial £600 limit.*

### Credit limit increase one

*As well as external data gathered, NewDay could also use Miss N's account management to assess affordability at the point of increase.*

*Between the account opening and the first credit limit increase, Miss N's external debt had stayed at a consistent level and was generally well managed. There were no new defaults or payday loans and Miss N hadn't missed any payments with NewDay internally. There were also some occasions where she'd paid more than the minimum.*

*There was nothing on the account to suggest Miss N was facing financial difficulties, however as it had been nearly a year since Miss N initially took out the card, I think NewDay could've gone further to assess her income and expenditure.*

*I've reviewed Miss N's current account statements from the time to see what, if NewDay had asked, they might have found out about her income and expenditure at the time. This isn't because I would've expected NewDay to review her statements in full, but it's the most efficient way I can piece together what conversations may have looked like at the time had they taken place.*

*Having done so, it's clear Miss N had ample disposable income to afford the increase. Her income remained around the same – about £1,200 per month and she was left with around £400 disposable income after her direct debits and housing costs were paid. So it follows that although I don't think NewDay's checks went far enough for credit limit increase one, had they completed proportionate checks they likely still would have lent to her.*

#### *Credit limit increase two*

*Miss N's external debt had increased slightly, but again things were well managed. Because this increase took place so soon after the first, I don't think NewDay would've needed to go further to establish income and expenditure here. I say this because it's unlikely that too much would've changed between June and November 2021.*

*The account was managed well – payments were made in full and on time, and so it follows that I think NewDay's checks here were proportionate and a fair decision to lend was made.*

#### *Credit limit increase three*

*Limit increase three took place in February 2022 – so again, very close to limit increase two. In addition to this, Miss N had been making significant overpayments to the card. By this I mean, each month Miss N is required to make at least a minimum repayment to her credit card, but she was paying more than the required amount.*

*I think this is enough to indicate to NewDay that Miss N could afford to repay the higher limit increase offered in January 2022. So, again, I think NewDay's checks were proportionate here and a fair decision to lend was made.*

#### *Credit limit increase four*

*Again, both internally and externally Miss N appeared to be managing her debts well around this time, and there was nothing to indicate to NewDay that she may be in financial difficulty. However, as it's been nearly another year without any income and expenditure assessment, and the increase is significant, I think it would've been helpful had NewDay completed a full income and expenditure assessment with Miss N.*

*I've reviewed the statements again, and can see Miss N was left with around £250 per month disposable income. Her income was broadly the same – around £1,300 per month and I've taken into account her fixed direct debits and housing costs. So, while I don't think NewDay's checks were proportionate here, I think even if they had completed a full income and expenditure assessment with her, they still would've found the lending affordable.*

#### *Final credit limit increase*

*I'm currently minded to uphold the fifth and final limit increase. I say this because, had NewDay completed proportionate checks for the previous limit increase, which was accepted just two months prior to the offer for the final limit increase, they would've seen Miss N's disposable income had reduced significantly.*

*The increased commitment for a minimum payment to cover £7,350 in comparison to £5,850 was significant – and Miss N clearly didn't have significant funds available. Based on Miss N's statements, she would be left with around £130 disposable income at the end of each month, and this is before taking into account food costs, hobbies, socialising etc.*

*And so, it follows that I'm currently minded to say NewDay shouldn't have provided Miss N*

*with the fifth and final limit increase because, had they completed proportionate checks at limit increase four, they would've ascertained that Miss N's disposable income was depleting and she wouldn't have been able to sustainably repay a credit limit of £7,350.*

*In reaching my conclusions, I've also considered whether the lending relationship between Miss N and NewDay might have been unfair to Miss N under s140A of the Consumer Credit Act 1974.*

*However, I'm satisfied that what I'm planning on directing NewDay to do in the section below results in fair compensation for Miss N given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.*

### **Putting things right**

*Having thought about everything, I'm satisfied that it would be fair and reasonable in all the circumstances of Miss N's complaint for NewDay to put things right by:*

- reworking Miss N's account to ensure that from November 2022 onwards interest is only charged on the first £5,850 outstanding - to reflect the fact that the credit limit increase to £7,350 shouldn't have been provided. All late payment and over limit fees should also be removed;*
- if an outstanding balance remains on Miss N's account once all adjustments have been made NewDay should contact Miss N to arrange a suitable repayment plan for this. If they consider it appropriate to record negative information on Miss N's credit file, they should backdate this to when they shouldn't have provided the additional credit in question in the first place;*
- if the effect of all adjustments results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Miss N along with 8% simple interest† on the overpayments from the date they were made until the date of settlement. If no outstanding balance remains on Miss N's account after all adjustments have been made, then NewDay should remove any adverse information they may have recorded from Miss N's credit file.*

*† HM Revenue & Customs requires NewDay to take off tax from this interest. NewDay must give Miss N a certificate showing how much tax they have taken off if she asks for one.*

### **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.

NewDay didn't respond to my provisional decision – but Miss N let me know she's happy to accept.

Therefore it follows that no further evidence has been provided that has caused me to change my decision from that I said in the provisional decision.

In reaching my conclusions, I've also considered whether the lending relationship between Miss N and NewDay might have been unfair to Miss N under s140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I'm planning on directing NewDay to do in the section below results in fair compensation for Miss N given the overall circumstances of her complaint. For

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### **My final decision**

It's my final decision that I uphold Miss N's complaint against NewDay Ltd trading as Aqua.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 31 March 2026.

Meg Raymond  
**Ombudsman**