

The complaint

Mr B complains that NewDay Ltd trading as Aqua (NewDay) lent to him irresponsibly by providing an Aqua account he couldn't afford.

What happened

Mr B applied for and was granted an Aqua account as shown below:

Date	Event	Credit Limit
January 2024	Account Opening	£450

In summary, Mr B complains that NewDay lent to him irresponsibly by not carrying out sufficient checks before lending to him. He says if they had done so, it would have shown he was already in financial difficulties. Mr B also complains that NewDay didn't do enough to support him when he fell into subsequent financial difficulties. Mr B says this has caused his mental health to deteriorate as well as putting him in further financial difficulties.

Mr B complained to NewDay in September 2025. They looked into the matter but didn't uphold his complaint. In their Final Response Letter of October 2025, NewDay say they carried out reasonable and appropriate checks including reference to Mr B's credit history. NewDay say their affordability assessment showed Mr B could likely sustainably repay the lending. Mr B disagreed and brought the matter to this service in October 2025.

An investigator examined the available evidence in the case and considered its merits. In his view, NewDay's checks had been reasonable and proportionate and the lending had been fair. Mr B disagreed so the matter has come to me for 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 B's complaint.

I have read Mr B's response to the investigator's view. Mr B has asked me to consider seven additional points when reaching a final decision. I can assure him I have read and considered these carefully and will address them in this decision.

I recognise the very difficult circumstances Mr B describes over recent months and don't doubt these have had a significant impact on him. I do not wish to add to them, but having considered the evidence available to me, I agree with the investigator's view.

While I recognise this will disappoint Mr B, I can assure him I have heard the case he is making, but in these particular circumstances, I cannot agree with it. I will explain why.

When Mr B applied for his Aqua account, he said he was employed with a gross annual income of £30,000 and had no dependents. Some high level expenditure figures were provided for living, housing and existing credit costs.

NewDay used this data and the information of Mr B's credit file to assess his application. I will now consider whether the checks performed by NewDay were proportionate and reasonable. I will also respond to a number of Mr B's concerns as part of this consideration.

NewDay took the information provided by Mr B on his application and used this to form a basic view of his income and expenditure.

I have not seen any evidence that these figures were validated externally either by account turnover or by bureau data. Neither have I seen any evidence that other modelling tools such as Office of National Statistics (ONS) data were applied.

What I must consider is whether this is proportionate and reasonable for the lending being offered. For larger amounts of credit, I would certainly have expected income to be validated. However for £450 credit and where Mr B has provided broad income and expenditure figures, I think it's reasonable for the lender to rely on those answers being provided in good faith. I say this particularly because the credit file is also being referenced which would trigger further enquiries if adverse findings were shown.

In this case, I think the customer declaration and checking of the credit file were reasonable and appropriate given the very low credit limit.

Having said the checks performed were reasonable and appropriate I must consider whether the lending decision made by NewDay was fair given what they knew about Mr B at the time of the lending decision.

It is worth responding to Mr B's points about what NewDay should or should not have known at this point. Mr B complains that NewDay should have seen repeated overdraft use and near limit card use. He is also concerned that a recent payment agreement should have been clear to NewDay when deciding whether to lend. Some general points may assist Mr B here.

Many lenders use bureau data which may have less detail present than Mr B's copy of his own credit file. Credit files frequently contain aggregated and summarised data. Similarly recent activity may take some weeks to appear on a credit report. It shouldn't be assumed that what Mr B sees on his copy of his credit report is shown in the same way, at the same time or in the same detail as a credit reference agency report.

Only in cases of significantly higher borrowing would current account records be referenced, so for this lending NewDay would not have sight of ongoing overdraft use.

Turning to what the credit file showed. There were no County Court Judgments, defaults or Individual Voluntary Arrangements shown. NewDay has provided the bureau credit data used to inform their decision and this contained no adverse markers relating to other lending. There is nothing in the credit file at that time showing patterns of financial distress or adverse credit history.

Mr B says that affordability is more than just pounds and pence and says that a more thorough and broader assessment of affordability should have been undertaken. I am not persuaded this is right. The extent and nature of the checks must be proportionate to the

lending being made. I do not believe it would have been proportionate or necessary to carry out the very granular examination suggested by Mr B for lending of £450.

I am also persuaded that NewDay turned their minds to the affordability of the lending. The disclosed income and expenditure showed the lending was likely affordable and could be repaid in a sustainable manner. There was nothing present in the credit file I have seen to suggest this was wrong.

Given this, I find that the lending decision made by NewDay was fair.

Finally, Mr B complains that he is unhappy with the way NewDay responded to his financial difficulties and spent some time uncertain whether his payments to NewDay were being received.

There is nothing in the evidence I have seen to demonstrate that NewDay were made aware of Mr B's ongoing financial difficulties or that they knew Mr B no longer had access to their app and statements. In these circumstances, I cannot say that NewDay have done something wrong.

In reaching my conclusions, I've also considered whether the lending relationship between Mr B and NewDay might have been unfair to Mr B 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 B with the credit card/loan, [or by increasing his/her 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 B's complaint against NewDay Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 26 March 2026.

Richard Bellamy
Ombudsman