

The complaint

Mrs T complains NewDay Ltd (“NewDay”) irresponsibly provided her with a credit card.

What happened

In April 2024 Mrs T applied for a credit card with NewDay. The application was approved and she was given a limit of £1,200. The limit wasn’t ever increased.

Mrs T complained to NewDay in September 2025. She said on her income she was unable to afford this credit card as well as household expenses and other debts. She feels NewDay ought to have been aware because of late payments on her account. She feels the checks weren’t proportionate and they ought to have seen other debts.

NewDay responded to the complaint. They didn’t uphold it. They said they looked at her credit file and information she declared at application, and having done so, they’re satisfied the card was affordable for her.

Mrs T referred her complaint to our Service. An Investigator here looked into things, and they agreed with NewDay that the checks were proportionate and a fair decision to lend was made.

NewDay didn’t respond, but Mrs T did. She disagreed – she said she knows she had defaults in 2023, so questioned how NewDay didn’t see this when lending in 2024. She also said she had dependents, but NewDay said she didn’t.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide.

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.

The rules and regulations in place at the time NewDay provided Mrs T with the credit card/loan required them to carry out a reasonable and proportionate assessment of whether he/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 Mrs T. In other words, it wasn’t enough for NewDay to consider the likelihood of them getting the funds back or whether Mrs T’s circumstances met their lending criteria – they had to consider if Mrs T 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 Mrs T.

When Mrs T applied for a card, NewDay gathered information regarding her financial circumstances. It recorded that she was earning a salary of around £23,000 per year and had outstanding debt that cost her around £300 per month. She had a default at the time of application, the most recent was recorded 55 months prior. This was collated using the information Mrs T declared at application, and an external credit check.

I believe the checks NewDay carried out were proportionate, and considering the amount being provided to Mrs T, 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 relatively modest amount of £1,200, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Mrs T to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

I can see from the information available to NewDay that in May 2024 there was a default recorded 16 months before – which is in line with what Mrs T has said in response to the view from the Investigator. I'm not sure why this didn't come through in NewDay's initial checks, but I can't hold them responsible for that. I think it's important to note, that even if the default did show 15 months prior to application, I would still feel the checks they completed were proportionate, as it's over a year prior to the application and NewDay market themselves as a second chance lender. This means it's expected their customer base may have a checkered credit file.

Mrs T stopped making payments to the account in August 2024, and in November 2024 NewDay stopped charging interest and put her on a repayment arrangement. Therefore, I can't say they've treated her unfairly when thinking about forbearance and financial difficulties either.

I'm not disputing that Mrs T's financial position was worse than it appeared at the time, but I also have to be fair to NewDay and think about what they had available to them. And having considered everything, I don't think they were irresponsible when providing Mrs T with the credit.

In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Mrs T might have been unfair to Mrs T 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 Mrs T with the credit card. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mrs T, I won't be upholding her complaint against NewDay for the reasons explained above.

My final decision

It's my final decision that I do not uphold this complaint against NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 7 April 2026.

Meg Raymond
Ombudsman