

The complaint

Mr S has complained that NewDay Ltd were irresponsible when providing two credit cards.

What happened

NewDay provided Mr S with two credit cards in March 2022. Initially a card under NewDay's Pulse brand, with a credit limit of £1,150 and subsequently a card under their Marbles brand with a credit limit of £1,200.

Mr S says this was irresponsible. He says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

NewDay reviewed Mr S's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out and felt there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mr S's complaint, but didn't think NewDay had acted irresponsibly.

Mr S disagreed with our investigator's opinion. In summary he felt that a more thorough check was required as he applied for the two credit cards in quick succession, with differing information in his applications. Mr S feels that further checks would have shown this to be unaffordable.

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.

Having done so, I'm not upholding this complaint. I know this will disappoint Mr S, so I'll explain why.

The rules and regulations in place at the time NewDay provided Mr S with the credit cards, required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he 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 would cause difficulties or adverse consequences for Mr S. In other words, it wasn't enough for NewDay to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr S.

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 they needed to before providing the credit cards.

For both applications, NewDay used information declared by Mr S and used data from a credit reference agency (CRA), along with an estimation for cost of living expenses, to help them see whether the credit was affordable for Mr S.

In his first application, for the Pulse card, Mr S declared an annual salary of £30,000, with monthly housing costs of £800.

The CRA information showed Mr S had no existing debt.

Using that information, NewDay calculated that with no existing credit commitments, Mr S would have around £800 per month disposable income remaining. They felt this demonstrated that Mr S would be able to afford the repayments and there was no requirement for them to perform additional checks.

I have reviewed all of the information noted above, and agree that these were reasonable and proportionate checks, so am comfortable in their decision to provide the Pulse credit card.

Around a week after the initial application referred to above, Mr S applied for a Marbles credit card. In this application, he declared a lower income, of £22,000 and lower housing costs of £232 per month.

NewDay took a similar approach to the one I described above, with their calculations indicating a remaining disposable income for Mr S of around £900. As before, they were comfortable that it appeared to be affordable, so they didn't perform any further checks.

This was a second application to NewDay in a short period of time, with discrepancies in the information declared by Mr S, so I think NewDay should have performed further checks to understand his income and committed non-discretionary expenditure.

There's no set way for how NewDay should have carried out further checks; they could have asked Mr S about his income and expenditure or, if they felt it appropriate, they could have reviewed his bank statements.

In reaching my decision, I have used Mr S's bank statements, for the three-month period preceding the applications, as it is an easy way to understand what proportionate checks would have likely revealed.

Having done so, on average Mr S had a net monthly income of around £1,800 and very little in the way of committed, non-discretionary expenditure. On this basis, if I use the higher of the housing costs Mr S declared, £800, and a similar calculated cost of living to above, I would come to the conclusion that the credit was affordable.

In his correspondence with this service, Mr S has pointed out that he was in financial difficulty and, had existing credit card debt.

I have reviewed the CRA information that NewDay obtained and can confirm no credit card debt was revealed. However, in my review of Mr S's bank statements, there were payments to a credit card account, which may have come to NewDay's attention had they reviewed bank statements as part of their proportionate checks. Following my request, Mr S has shared the credit card statements, and these show a balance of around £1,200 in the three-month period preceding the applications.

Because of this, I have gone a step further and included a reasonable repayment for this credit in my affordability calculations. Even with this, I still consider that the repayments for both of these NewDay credit cards appear to be affordable. No indications of financial difficulty were evident within the bank statements.

Whilst I don't consider NewDay performed reasonable and proportionate checks, had they done so, it is likely they would have concluded that the repayments, even if the credit limits were fully utilised, would appear to be affordable, as that is what I have found.

Therefore I conclude that NewDay weren't irresponsible, when accepting Mr S' applications for the credit cards.

In reaching my conclusions, I've also considered whether the lending relationship between Mr S and NewDay might have been unfair to Mr S under Section 140A 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 S with the credit cards, or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

As outlined above, my final decision is that I don't uphold this complaint against NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 February 2026.

David Barker
Ombudsman