

The complaint

Mrs D complains that NewDay Ltd lent to her irresponsibly.

In bringing her complaint, Mrs D is assisted by a professional representative; for ease, though, I'll refer to all acts as being those of Mrs D.

What happened

Mrs D was provided a "Debenhams" and a "Topman" branded account by NewDay. I've set out the relevant information for those accounts below:

Debenhams:

- Opened in August 2017 with an initial limit of £1,000.
- Credit limit increased in June 2018 to £1,400.

Topman:

- Opened in January 2020 with an initial limit of £450.
- Credit limit increased in October 2024 to £1,200.
- Credit limit increased again in January 2025 to £1,950.

In 2025, Mrs D complained to NewDay. She said, in summary, that the credit had been provided irresponsibly and that adequate affordability checks hadn't been undertaken. NewDay didn't uphold Mrs D's complaint; it said it had lent responsibly based on the results of the proportionate checks it had carried out for each lending decision.

Mrs D contacted this Service for an independent review, and an Investigator here looked at what had happened. Having done so, they didn't think Mrs D's complaint should be upheld. The Investigator said:

- Information for some of the lending decisions Mrs D had complained about was very limited – specifically, for her Debenhams account in 2017 and 2018 and the opening of her Topman account in 2020.
- Given the lack of information, it couldn't be said for sure that NewDay had carried out proportionate checks at those times; that said, equally, Mrs D's circumstances couldn't be determined either. Neither party had provided enough information to assess what had been uncovered, or what likely would've been uncovered, at the time. So, overall, it couldn't be found that NewDay had lent irresponsibly on those occasions.
- For all other lending decisions, those taken on the Topman account in 2024 and

2025, NewDay had carried out proportionate checks before agreeing to lend to Mrs D. Broadly, nothing in the results of those checks suggested the credit would be unaffordable for her. So, overall, NewDay hadn't lent irresponsibly.

Mrs D disagreed, and she asked for an Ombudsman's decision. Largely, she reiterated her belief that the lending wasn't affordable; Mrs D also referenced some other complaints she'd made, against different businesses, which had been upheld in her favour. So, as no agreement has been reached, Mrs D's 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.

To put things simply, when making a lending decision, NewDay needed to make sure that it didn't provide loans irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable; NewDay had to do so with Mrs D's specific circumstances in mind before providing any credit.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

The Investigator already set out the level of checks NewDay completed for each lending decision – so, I won't repeat the same ground in the same detail. In summary though, while information is limited for the earlier lending decisions, it generally seems NewDay carried out an affordability assessment by reviewing Mrs D's income and essential expenses; it also looked at Credit Reference Agency ("CRA") data to build a view of her existing credit commitments and how she was managing them.

To highlight an important point, there are no fixed checks a business must complete when reviewing an application for credit. There isn't a requirement, of any kind, on a lender to review specific things such as payslips, or bank statements, for example. Rather, it was up to NewDay to determine what it would like to see; its obligation was to perform proportionate checks to be able to understand whether Mrs D could make her payments in a sustainable manner before agreeing to lend. How it did so, was ultimately up to NewDay.

Looking first at Mrs D's Debenhams branded account, I agree with the view of our Investigator; simply put, while there isn't enough for me to say NewDay *did* carry out proportionate checks when it opened the account, or when it increased her credit limit, there equally isn't enough for me to determine Mrs D's wider financial position at the time. So, in the absence of much information from either party, I can't fairly conclude that NewDay lent irresponsibly on those occasions.

It's a similar scenario for when NewDay opened Mrs D's "Topman" branded account. There is more information available here; for example, I can see the CRA data returned in

NewDay's checks revealed a stable position for Mrs D's external credit commitments – there was no recent adverse information recorded against her, and no County Court Judgments or Individual Voluntary Arrangements were present either. But I can't see the results of NewDay's affordability assessment or safely conclude that one was undertaken. So, again, I can't say that proportionate checks were carried out at this stage. I also don't have enough information from Mrs D to be able to understand her financial position at the time, though. And it follows that I can't fairly conclude NewDay lent irresponsibly when it opened the Topman account.

I'll note at this point that I know Mrs D has said more information was provided in other complaints she's referred to us, which could be of use here. I have reviewed it but, overall, I'm satisfied that nothing I've seen makes a difference to what I've set out above.

Thankfully, there is enough information available for me to review what happened when NewDay increased Mrs D's credit limit on her Topman account in 2024 and 2025. From what I've seen, the results of those checks painted a broadly positive picture of Mrs D's finances. Recorded CRA data suggested her existing commitments were up to date; Mrs D's income figures – taken from CRA data – against her declared outgoings showed she'd have enough disposable income to meet the repayments, and again no County Court Judgments or Individual Voluntary Arrangements were recorded. Overall, I don't think the results of NewDay's checks for these lending decisions ought to have given it cause for concern.

With all of that in mind, I'm satisfied that NewDay reasonably considered Mrs D could afford the credit at the time it increased her limit in 2024 and 2025. With no significant adverse information uncovered in its checks, and a positive outcome from its affordability assessment, I don't believe NewDay ought to have thought otherwise. So, while this will be disappointing for Mrs D, it follows that I can't conclude that any of the credit NewDay lent to her was unfairly or irresponsibly provided.

I know Mrs D has made a point about other complaints she's raised – which had, in her view, the same circumstances – being upheld and resolved in her favour. I surely understand why Mrs D would think the same outcome should be applied here and this complaint resolved the same way; however, it's important for me to explain that I'm not bound by the outcome of any other complaint, or indeed the findings of an Investigator in resolving other complaints at an informal stage – which is what happened in the examples Mrs D has provided. Instead, my review focusses solely on the actions of NewDay alone, in the context of this particular case.

In closing then, and to be clear, I'm not saying that Mrs D wasn't – or isn't now – under financial pressure. It's just that here, in these circumstances, NewDay didn't discover that; and that's something I don't consider a failing, for the reasons I've explained. Primarily, as with any complaint, the key point to remember is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think NewDay could have known – or ought to have known – that this credit was, or would become, unaffordable at the time of lending. So, for the reasons I've already given, I can't fairly conclude that NewDay acted irresponsibly or otherwise treated Mrs D unfairly in relation to this matter; it follows that I don't uphold the complaint.

Finally, I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 20 March 2026.

Simon Louth
Ombudsman