

## The complaint

Mr M complains that NewDay Ltd trading as Aqua lent to him irresponsibly.

## What happened

On 9 March 2017, Mr M opened a credit card account with NewDay. The credit limit was set as follows:

Date	Event	New limit
9 March 2017	Opening limit	£300
24 November 2017	Credit limit increase (CLI) 1	£600
19 June 2019	CLI2	£1,300
28 August 2023	CLI3	£2,800

On 29 April 2025, Mr M complained to NewDay. He said it had irresponsibly reopened his account in August 2023 even though he had clear signs of financial difficulty. To resolve his complaint, he requested “*a refund of interest and charges either from the point the account was reopened in 2023, or from the original account opening*”, the removal of any negative markers from his credit file and compensation for the distress.

NewDay looked into Mr M’s complaint and issued a final response letter. It felt it hadn’t been wrong to open the account in March 2017, but felt it shouldn’t have increased the credit limit above £300. It said it would refund all interest and charges on balances in excess of £300 – that was £2,269.74 and £493.30 in charges. As the account had been closed with a zero balance by the time of the refund, it added to that £319.94 interest (after tax) bringing the total refund to £3,082.98. It paid that sum to Mr M’s bank account on 15 July 2025. It said it would remove all adverse information relating to the account from Mr M’s credit file.

Mr M didn’t accept NewDay’s response, so he referred his complaint to our service. When he did so, NewDay told us that it felt Mr M’s complaint about the account opening and CLI1 were outside our jurisdiction, as more than six years had passed since those decisions were made.

One of our investigators looked into the complaint and felt it could reasonably be considered as being about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974. That being so he disagreed with NewDay that the complaint had been brought too late and went on to consider it. He felt the initial opening of the account with a £300 limit had been reasonable. As NewDay had already upheld Mr M’s complaint about CLI’s 2 and 3, he didn’t investigate those further. He didn’t uphold Mr M’s complaint.

Mr M didn’t agree with our investigator. He said the account had been dormant between 2020 and 2021 after he’d fallen into difficulty with it, but he was able to get it reactivated “*with minimal checks*”. He said CLI3 should be considered a fresh lending decision. As there was no agreement, the complaint has been passed to me for a 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.

For the sake of completeness, I agree with our investigator's view of jurisdiction in this case. Because I think it's reasonable to consider Mr M's complaint as being about an unfair credit relationship, I think the complaint has been brought in time for us to consider the whole of it. I acknowledge that NewDay doesn't agree, but as I'm not going to ask it to do anything further, I won't go into more detail about that here.

Equally, I acknowledge that Mr M says we should be focussing on CLI3 and again, I understand why he says that. But if this service had taken that approach, the award I would have made is likely to have been less than NewDay has already paid him. Let me explain.

NewDay has looked at its' lending relationship with Mr M from the beginning – March 2017. While it felt the opening limit of £300 was suitable for him, it felt in hindsight it shouldn't have increased the limit in November 2017 or subsequently. So it has refunded all interest and charges on balances over £300 from that date onwards until March 2025 when the account closed - a period of 7½ years or so.

Mr M says his relationship with NewDay ended in 2021. I can see he repaid the balance in full by May 2021. So it seems he believes the account was effectively closed at that point and thinks it was wrong that the account was re-activated so easily and CLI3 agreed a few months later. I can see from NewDay's records that Mr M's account stayed open with a credit balance of 42 pence, so the 'reactivation' of the account wasn't a fresh lending decision.

But if I was to accept that his credit relationship ended in May 2021 and look solely at the decision to reactivate his account in March 2023 (and uphold the complaint), I would be likely to instruct NewDay to refund charges and interest from then on only – a period of just two years or so. While I understand that Mr M feels he should receive interest and charges on the whole balance for this period (rather than amounts over £300), if I were to accept that argument, the award he'd receive would be much lower than the refund NewDay has already provided.

I have carefully thought about the initial lending decision too. Having done so, I can see that Mr M earned around £730 per month and had no payments to other creditors. He had no defaults or County Court Judgements on his credit file. NewDay calculated his committed expenditure to housing costs and living expenses as being £584 which meant he had a monthly disposable income of around £140 from which to pay this credit card. So I don't think a relatively modest limit of £300 was unreasonable. I think NewDay reached a fair decision to agree the account and opening limit.

As I've said above, NewDay has said it shouldn't have offered the subsequent increases. That being so, I've not gone on to look at those in detail. And to be clear, I think the resolution it reached to refund a total of £3,082.98 was a fair and reasonable way to settle this complaint. It is in line with awards this service makes in complaints of this nature. As NewDay has already made this refund I don't ask it to do anything further.

## **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 Mr M to accept or

reject my decision before 29 March 2026.

Richard Hale  
**Ombudsman**