

The complaint

Mr U complains that NewDay Ltd trading as Fluid lent irresponsibly when it approved his credit card application and later increased the limit.

What happened

Mr U applied for a Fluid credit card in January 2025. In his application, Mr U said he was earning £38,000 a year. Fluid says it verified the income figure via a service provided by the credit reference agencies. A net monthly income of £2,573 was used in the affordability assessment. No housing costs were declared by Mr U.

Fluid completed a credit search that found Mr U had existing unsecured debts totalling £41,000 with monthly repayments totalling £1,069. A default that was around 17 months old was noted on Mr U's credit file. No other adverse credit, payday loans or recent missed payments were found.

Fluid completed an affordability assessment using Mr U's net monthly income of £2,573 and making deductions of £1,069 for his unsecured debt repayments and £474 as an estimate of his general living expenses. Fluid reached the view Mr U had a disposable income of around £1,030 a month after his existing outgoings were met. Fluid approved Mr U's application and issued a credit card with a limit of £2,500. The credit card came with a 0% promotional interest rate for balance transfers until October 2025.

Mr U used the Fluid credit card to complete a balance transfer of £2,174.66 plus fees of £65.24 in February 2025. In June 2025 Fluid increased the credit limit to £3,200. Mr U used his credit card for retail spending totalling £13.12 in June 2025 and £46.61 in July 2025. Mr U's payments stopped from July 2025 and in August 2025 Fluid took the step of restricting Mr U's account and reducing the limit to £1,900 with an outstanding balance of £1,849. From September 2025 Fluid suspended interest and charges which means Mr U's outstanding balance has remained at £1,849.

Mr U went on to complain that Fluid lent irresponsibly and it issued a final response. Fluid said it had completed the relevant lending checks before approving Mr U's application and didn't agree it lent irresponsibly.

Mr U referred his complaint to this service and it was passed to an investigator who asked Fluid for its case file. Within Fluid's response, it said it had relooked at Mr U's complaint and upheld it from the credit limit increase in June 2025. Fluid agreed to refund two late fees that were applied and add 8% interest. Our investigator looked at Mr U's complaint. They didn't think Fluid completed proportionate checks before approving Mr U's application so looked at his bank statements for the preceding three months to get a clearer picture of his circumstances. The investigator thought Mr U's bank statements showed he was able to sustainably afford a new credit card with a limit of £2,500 and didn't agree it lent irresponsibly. The investigator thought Fluid's offer to resolve Mr U's complaint was fair.

Mr U asked to appeal and said he wanted Fluid to refund all interest, fees and charges to the outstanding balance that should then be written off. Mr U advised he still thought Fluid lent

irresponsibly given his outstanding debt levels at the time which took up the majority of his income. Mr U said the investigator's view relied on a disposable income rather than taking debt sustainability into account and that he'd used most of the initial credit limit to complete a balance transfer. Mr U pointed out he also had an Aqua credit card with NewDay and that it had failed to consider his total exposure. Mr U said he wanted any adverse credit in relation to both accounts he holds with NewDay to be removed from his credit file. As Mr U asked to appeal, his complaint has been passed to me to make 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.

Before agreeing to lend or increasing the credit limit, the rules say Fluid had to complete reasonable and proportionate checks to ensure Mr U could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- the amount of credit;
- the total sum repayable and the size of regular repayments;
- the duration of the agreement;
- the costs of the credit; and
- the consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Mr U gave in the application to Fluid above. Mr U confirmed his job and income at £38,000. Fluid verified that figure via a service provided by the credit reference agencies, using a net monthly income of £2,573. Given Fluid's verification check confirmed the income figure Mr U provided in his application, I'm satisfied it was reasonable for it to use that information in its lending assessment.

Mr U's credit file shows he already had a high level of debt when compared with his income, owing around £41,000. I can see a default was recorded around 17 months before his application was made. But no other adverse credit was reported and Mr U's commitments were all up to date with no recent arrears. In my view, whilst Mr U owed a reasonably large amount, he appears to have been managing his debts. With that said, given Mr U's existing unsecured debts, I think proportionate checks should've included a more detailed look at his circumstances. Fluid had a range of options, one of which would've been to review Mr U's bank statements for the preceding months. That's the approach I've taken.

I found Mr U was making substantial debt repayments each month. But I note there was no evidence of outgoings for items like rent, utilities or council tax. So whilst I accept Mr U's debt repayments were high when compared with his income, his other outgoings appeared low. I thought Mr U's bank statements showed his account was well managed overall with sufficient funds remaining each month for general spending and travel. I found an average monthly income of £2,716 and average outgoings on items like Mr U's existing debts, mobile phone costs, car insurance, fuel, transport and supermarket spending of £1,757. That left around £959 a month remaining once Mr U's committed outgoings were met.

I understand Mr U feels the reliance on a disposable income failed to take debt sustainability into account. But I think that by showing whether Mr U had sufficient funds available to not only maintain the minimum payments due but also make meaningful repayments to an outstanding balance the disposable income available helps inform whether the debt is sustainable. And, looking at Mr U's bank statements, I think he had sufficient funds available to sustainably maintain repayments to a new credit card with a limit of £2,500.

I also think it's fair to note that the overwhelming majority of the funds held on Mr U's Fluid credit card came from a balance transfer. The Fluid credit card came with a nine month interest free promotional period, so I think it's fair to say Mr U will have saved money by moving a balance from an interest bearing credit card. I note that between February 2025 and June 2025 he was able to reduce the initial balance of £2,239 to £1,732. That's a reasonable reduction in a five month period and I think it demonstrates that by completing the balance transfer Mr U was able to make meaningful repayments.

Whilst I accept the lending checks completed weren't proportionate to the new credit card, I think a more detailed approach by Fluid, like reviewing Mr U's bank statements, would've still led it to approve his application. I'm sorry to disappoint Mr U but I haven't been persuaded Fluid lent irresponsibly when it issued a credit card with a limit of £2,500.

Fluid has already upheld the credit limit increase element of Mr U's complaint and agreed to refund two late fees plus statutory interest from the date it was approved. I note that at no point did Mr U's balance ever go above the initial credit limit of £2,500. So no interest has been applied to balances over that limit. I would add that looking at Mr U's account history, I can see total interest of £46.29 has been applied since the date of approval. And, as noted above, Fluid has agreed to refund the two late fees Mr U incurred. In my view, Fluid has made a fair offer to resolve Mr U's complaint so I'm not asking it to do anything else.

In response to the investigator, Mr U added he had also had an Aqua account with NewDay, the same business that owns Fluid, so it was aware he already had some debt exposure. I take Mr U's point but consumers can have more than one account with a business and I'm satisfied all his existing repayments, including his Aqua credit card, were taken into account. When I completed my review of Mr U's bank statements I took the Aqua payments in addition to Mr U's other outgoings into account.

As Mr U's complaint to NewDay related to his Fluid account only, that's the focus of its final response and the case the Financial Ombudsman Service has dealt with. We can only consider a complaint once a business has had the opportunity to investigate and respond. If Mr U wishes to complaint separately about his Aqua account he has the option to do so. If NewDay doesn't resolve Mr U's complaint he would then have the right to refer it to the Financial Ombudsman Service.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Fluid lent irresponsibly to Mr U or otherwise treated him unfairly. 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 decision is that I don't uphold Mr U's complaint as NewDay Ltd trading as Fluid has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 1 April 2026.

Marco Manente
Ombudsman