

Complaint

Mr M has complained about a credit card NewDay Ltd (trading as “Aqua”) provided to him. He says the credit card should not have been provided to him as it was unaffordable and caused difficulty.

Background

Aqua provided Mr M with a credit card with a limit of £1,200.00 in October 2023. The credit limit on Mr M’s account was never increased.

One of our investigators reviewed what Mr M and Aqua had told us. And he thought Aqua hadn’t done anything wrong or treated Mr M unfairly as a result of lending to him. So he didn’t recommend that Mr M’s complaint be upheld.

Mr M disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mr M’s complaint. I’ll explain why in a little more detail.

I think that it would be helpful for me to start by setting out that we consider what a firm did to check whether repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

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.

But we might think it needed to do more if, for example, a borrower’s income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower’s ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion – indeed the regulator’s rules and guidance did not and still do not mandate a list of checks to be used. It simply sets out the types of things that a lender could do.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was proportionate to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments to credit were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable and proportionate checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

I've kept this in mind when deciding Mr M's complaint.

Aqua says it agreed to Mr M's initial application after it cross-checked Mr M's income declaration against information it received from credit reference agencies on the amount of funds which went into Mr M's main bank account each month and also carried out a credit search. And the information obtained indicated that Mr M would be able to make the low initial monthly repayment due on this credit card. On the other hand, Mr M says that this card was unaffordable for him and provided at a time that he was struggling with gambling.

I've considered what the parties have said.

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that Aqua was required to understand whether a credit limit of £1,200.00 could be repaid within a reasonable period of time, rather than in one go. I think that it's fair to say that a credit limit of £1,200.00 didn't require particularly high monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

Furthermore, I've seen records of the information Aqua obtained on the credit search it carried out. This information shows that Mr M didn't have any significant adverse information such as defaulted accounts or county court judgements ("CCJ") recorded against him. He also doesn't appear to have been using payday loans or either.

So the information that Aqua gathered didn't throw up anything obvious which ought reasonably to have led it to question Mr M's ability to make his payments. On the contrary, the information gathered appears to suggest that it was reasonable for Aqua to conclude that Mr M had the funds to make the low monthly payment that would be required for this credit card.

I've noted that Mr M has said that the investigator's assessment didn't place enough weight on the fact that he was gambling. I'm sorry to hear about Mr M's gambling and the effect that this had on his ability to make his payments on this card. However, Mr M's gambling in itself doesn't mean that his complaint should be upheld. Ultimately, I'm only able to take any gambling into account if Aqua knew about it, or it ought reasonably to have known about it.

In the first instance, there appears to be no dispute that Mr M disclosed his gambling during the course of his application. So Aqua clearly didn't have any actual knowledge of this. Secondly, for the reasons I've set out above, I'm satisfied that Aqua's check before lending to Mr M were proportionate. As this is the case, it didn't need to request further information from Mr M and certainly not of the sort – such as bank statements – which may have shown Mr M's gambling.

In these circumstances, while I sympathise with Mr M's position, I've not been persuaded that his gambling means that this complaint should be upheld.

In reaching my conclusions, I've also considered whether the lending relationship between Aqua and Mr M might have been unfair to Mr M under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Aqua irresponsibly lent to Mr M or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I don't think that Aqua treated Mr M unfairly or unreasonably when providing him with his credit card. And I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind Aqua of its continuing obligation to exercise forbearance and due consideration in collecting the outstanding balance on this credit card. This is especially given what Mr M has now said about his circumstances and his ability to make his payments.

My final decision

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 March 2026.

Jeshen Narayanan
Ombudsman