

The complaint

Miss C complains that NewDay Ltd trading as Aqua (NewDay) irresponsibly entered into a credit card agreement with her and increased the card limit on several occasions, which she couldn't afford to repay.

What happened

In March 2017, Miss C applied for a credit card with NewDay. She was given an initial credit limit of £600. This limit was increased to £1,500 in August 2017, increased again in January 2018 to £2,900 and a final limit increase to £4,000 in May 2018.

In February 2025, Miss C complained to NewDay to say that it shouldn't have given her the credit card, or the subsequent limit increases. She said that had NewDay completed appropriate affordability checks it would have seen that the credit was unaffordable to her.

NewDay didn't uphold the complaint. It said that it had carried out appropriate checks which showed that Miss C could afford the various credit limits it had provided her with.

I sent Miss C and NewDay my provisional decision on 17 December 2025. I explained why I wasn't planning to uphold the complaint. I said:

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

Prior to granting credit (or increasing the credit limit), NewDay needed to ensure the borrowing was likely to be affordable to Miss C. To do so it was required to consider things such as her income and financial commitments. I can see that at the point of every lending decision, NewDay completed a credit check and made an assessment regarding whether Miss C could afford the borrowing.

Account opening

As part of the application, it appears Miss C declared her income to be around £23,000, and NewDay calculated this to be around £1,460 per month.

NewDay also completed a credit check which revealed Miss C was paying around £195 per month towards her unsecured debts at the time. NewDay used statistical data to estimate her living expenses. Using all of this information, it estimated Miss C's monthly disposable income to be around £520. I think this is enough funds to sustainably afford the fairly low credit limit of £600 that NewDay provided.

The credit check showed that in relation to her existing credit commitments Miss C had no recent adverse entries such as default markers or late payments. I think this would've reassured NewDay that Miss C was managing her accounts well and there were no signs of any financial difficulties.

I think that with this in mind, NewDay completed enough checks to establish whether

Miss C could afford a credit limit of £600. Based on what it could see about Miss C's circumstances, I don't think an unfair lending decision was made when it decided to open the credit card account with this credit limit.

Credit limit increase one

In the three months prior to this credit limit increase, Miss C had been over her agreed credit limit on the NewDay credit card each month. Further, NewDay's credit checks showed that she had made at least one late payment on another unsecured credit commitment in the months leading up to the limit increase. I think because NewDay could see how this account was being managed by Miss C and a recent adverse entry on another unsecured credit commitment, it should've been concerned that Miss C could've been struggling financially. Because of this, I think NewDay should've done more to find out more about Miss C's financial position, before increasing the limit the first time.

Miss C has provided us with some of her bank statements. I'm not suggesting NewDay needed to review Miss C's bank statements as part of any proportionate affordability assessment. But, I think the statements give a good indication of what NewDay could've learnt about her financial circumstances had it done more.

The statements show that in addition to her income from her employment, Miss C was also receiving benefits and regular contributions from someone else towards essential living costs. It appears she had enough funds to meet her essential living costs and credit commitments while still having enough to sustainably afford repayments towards an increased credit limit on her NewDay credit card.

So whilst I don't think NewDay completed proportionate checks at this stage, I can see from the statements that Miss C could afford an increase to the credit limit to £1,500 and NewDay would likely have found this out too had it done more thorough checks before lending. I don't therefore think it made an unfair lending decision when it made this borrowing available to her.

Credit limit increase two

Prior to the second limit increase I can see that Miss C spent over her credit limit in this account in October and November 2017, however brought the account back to within the limit in December 2017 by paying off the balance in full (an amount of around £1,500). Miss C had only spent very little over her limit (around £40), had brought the account back to where it should be and made such a substantial repayment, I think this wouldn't have caused NewDay too much concern when considering if Miss C could afford an increase to the borrowing.

The credit checks NewDay completed didn't reveal any adverse entries on her other credit commitments and all Miss C's accounts were being well managed. While Miss C has said she was borrowing money from friends and relatives, I don't think NewDay could reasonably have known this. However, I don't think the checks were reasonable or proportionate anyway, because NewDay hasn't shown what it did to try and establish Miss C's income and expenditure.

Again, I have considered Miss C's statements to gain a better understanding of her financial situation at the time. From what I can see Miss C appears to have enough disposable income, after accounting for her essential expenditure, to sustainably afford the credit limit increase and continue to make payments towards her existing borrowing on time.

Credit limit increase three

Miss C's management of the NewDay account since the previous limit increase didn't appear to show any signs of possible financial difficulty. I can see she made more than the minimum repayment that was required every month and these payments were paid on time. The balance also remained comfortably under the credit limit.

The credit checks NewDay completed also didn't reveal any concerns. There were no adverse entries against her other credit commitments and her overall outstanding debt appeared to have noticeably reduced since the last limit increase. However, as with the previous limit increase, NewDay hasn't shown what it did to establish what Miss C's income or essential expenditure was. I don't therefore think the affordability checks it completed were proportionate.

Having reviewed Miss C's bank statements from the time, I can see that she does dip into her overdraft on occasion, this is not something NewDay would necessarily have discovered if proportionate checks were completed (as I don't think it would have been proportionate to manually review statements and credit checks wouldn't give this level of granular detail on the day to day account management). Further, I think that using an overdraft facility on the odd occasion isn't enough to show here that Miss C was struggling financially, or that she would not be able to afford the borrowing.

From what I can see of her regular income, it appears this was sufficient to cover her essential expenditure and existing credit commitments. It seems she would have been left with sufficient disposable income to sustainably afford repayments to the increased credit limit NewDay was providing. I can't reasonably say here that NewDay made an unfair lending decision when it increased Miss C's credit limit on the third occasion.

Miss C says she had to borrow money from friends and family. I can see that she received funds into her accounts which help her to clear some of her debt, including her overdraft. However, as I've explained above, from what I've seen it appeared her income was sufficient to meet her essential expenditure and credit commitments. I also think NewDay wouldn't necessarily have known that Miss C was receiving funds from sources outside of her employment, even if proportionate checks were completed at every lending decision stage.

NewDay confirmed that it had nothing further to add and agreed with the provisional decision. However, Miss C disagreed. Briefly, her main points are:

- The checks NewDay completed were not adequate.
- She was in her overdraft the majority of the time.
- She was making minimum payments towards this card by utilising other borrowing.

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.

As explained in my provisional decision, I agree some of the checks NewDay completed were not proportionate to the borrowing. However, having recreated what proportionate checks ought to have shown by reviewing Miss C's bank statements, I'm satisfied in each

case a fair lending decision was made and I have not seen any evidence since to persuade me otherwise.

I've thought about what Miss C has said regarding her overdraft use, however I've not seen any evidence to show that Miss C was in her overdraft the majority of the time. Even if she was, as I don't think NewDay ought to have reviewed her statements, I don't think this is something they would've been aware of. As Miss C was using the overdraft in line with the terms and conditions set, nothing adverse would've been reported in relation to the overdraft, and using the facility on it's own isn't enough to demonstrate she was struggling financially.

I understand Miss C says she was repaying this account through other borrowing. However, I'm satisfied having carefully reviewed all the evidence submitted by both parties, including Miss C's statements, that she could sustainably afford the borrowing at every point that a lending decision was made and I don't think more detailed affordability checks by NewDay would likely have revealed any affordability concerns.

In reaching my conclusions, I've also considered whether the lending relationship between Miss C and NewDay might have been unfair to Miss C 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 Miss C with the credit card account, or the subsequent credit limit increases. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

While it'll likely come as a disappointment to Miss C, I don't uphold her complaint against NewDay Limited trading as Aqua for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 5 March 2026.

Jenny Hiltunen
Ombudsman