

The complaint

Mrs P complains that NewDay Ltd trading as Aqua gave her a credit card limit, she couldn't afford to repay.

What happened

In April 2022 Aqua gave Mrs P a credit card with a £450 limit.

Mrs P has said the credit card was irresponsibly lent. She says at the time of the lending decision she was already overindebted and feels like Aqua took advantage of her circumstances. She says the result of being given this credit card is that adverse information has been reported to her credit file and her credit score has declined dramatically. She also said she's experienced a number of customer service issues over the years with Aqua. This was when she tried to seek help to repay her outstanding balances.

Aqua considered Mrs P's complaint and upheld it. It agreed to refund all interest, fees and charges and reduce her outstanding balance accordingly. The debt has since been sold on. However, Aqua has said that once it is repaid, it will remove adverse information reported to her credit file in relation to this account.

Mrs P didn't accept Aqua's offer and so our investigator considered the complaint. Most recently the investigator didn't uphold the complaint. They didn't agree there was sufficient evidence to conclude that Aqua had failed to support her. They also thought the offer Aqua made was fair in the circumstances. Mrs P didn't agree. She didn't think it was fair for the default on this account to remain on her credit file. She also argued that she was problem gambling at the time the credit card was given. She feels that had Aqua requested her bank statements it would have seen this and identified that she was vulnerable. So, it should give additional compensation.

As an agreement hasn't been reached, the complaint has been passed to me to consider.

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.

The lending decision

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. I have used this approach to help me decide Mrs P's complaint.

Aqua needed to make sure it lent responsibly to Mrs P. It therefore needed to complete sufficient checks to determine if Mrs P could afford to sustainably repay the lending. Our website sets out our approach to what we typically think when deciding if a lender's checks were proportionate. There is no set list of checks a lender should do, but there is guidance on the types of checks a lender could complete. However, these checks needed to be proportionate when considering things like the amount and term of the lending, what the

lender already knew about the consumer, etc.

It's not entirely clear whether Aqua accepts it lent irresponsibly to Mrs P. It has said it completed proportionate checks before agreeing to lend. However, it has also said that the account activity immediately after the sale suggested that the credit card wasn't affordable. So, I think it's effectively saying that it hasn't done anything wrong but, as a gesture of goodwill, it will make an offer. However, either way I don't think this makes a difference.

In circumstances where we think credit shouldn't have been lent, we will typically require a lender to put the consumer back in the circumstances they would have been in had the lending not been given. This presents challenges in relation to any principal balance remaining as whilst the consumer shouldn't have been given the funds, they have had use of them. So, we generally require a lender to refund all interest, fees and charges so that only the principal balance remains. The consumer is then expected to repay the outstanding balance. And I think Aqua's offer is in line with this approach.

In relation to the credit file, where there is an outstanding balance remaining (as there is in this case), we would also expect the lender to amend the credit file and remove adverse information once the balance has been repaid. Aqua has also said it will take this step. The account has since been sold on and so Aqua has asked Mrs P to inform it when the debt is repaid, and it will make the necessary adjustments. Mrs P doesn't think this is fair and would like the adverse information removed now. However, I think it's important that the outstanding balance is accurately reported to Mrs P's credit file while it is still outstanding. And so I think it is fair that it remains on Mrs P's credit file until it is repaid. I accept this isn't a perfect solution, however I think it is fair and reasonable in the circumstances. And it balances the challenges posed where a consumer shouldn't have been lent, however they have had the use of the funds and some of the principal balance still remains outstanding.

I have noted Mrs P's argument that she was problem gambling at the time the lending decision was made. She's argued that had Aqua reviewed her bank statements it would have seen this. I think presumably Mrs P is arguing that this is a reason for the redress to go further. There are some circumstances where I might agree it's fair and reasonable, in an irresponsible lending case, for an outstanding balance to be written off and/or removal of the credit entry from a credit file. However, I'm not persuaded that's fair and reasonable in the circumstances of this case.

Mrs P was given a £450 credit limit and Aqua has said it took details of her income, expenditure and completed a credit search. So, Aqua took steps to explore her regular income and outgoings and how she was managing her existing credit commitments. I think these are the types of checks I would have expected it to have completed, especially given the low limit which was requested. So, I don't think it would have been reasonable for Aqua to have requested a copy of her bank statements. Therefore, I don't see how Aqua would have uncovered Mrs P was problem gambling. Whilst I'm sympathetic to Mrs P's circumstances, I think that even if I were to have concluded that the credit card shouldn't have been lent, I don't think fair compensation would amount to writing off any/all of the outstanding balance. So, I think the offer Aqua has made is fair in the circumstances.

Access to alternative credit

Mrs P has argued that the adverse information on her credit file over the years has prevented her from obtaining other credit. She's provided responses to lending applications from other lenders from around early 2025. This was around the same time that the account in question was defaulted. These responses show she has had credit declined. However, in some instances the responses say the lender won't provide additional credit, suggesting she has been able to access some credit. In addition, from looking at her credit file I can see a

default was added in relation to a loan account in February 2025. I can also see substantial missed payments on a catalogue shopping account in 2024 and 2025.

So, taking this into consideration, I don't think this credit card alone has led to Mrs P being unable to access further credit. Whilst I accept the credit card default in this case would adversely impact her credit file, it's clear she had problems managing other credit which has also been reported adversely. And as I've explained above, Aqua has agreed to amend her credit file when the outstanding balance has been repaid. I think this is fair in the circumstances.

Customer service issues

Mrs P has said that over the years she's asked for help as she's struggled to repay this account. She's said that she frequently received no response, but that she can't give clear details about when this contact took place.

Aqua has said that it has records of some contact Mrs P has made, but that in each instance it provided the required support. Looking at the contact records, I can see that Aqua has agreed repayment plans with Mrs P and completed an income and expenditure assessment. It also stopped charging interest and fees from September 2022 onwards. Furthermore, I can see it referred Mrs P to its "*customer care team*" following a disclosure of difficult personal circumstances.

I note Mrs P emailed in February 2025 to say that she couldn't access her online account. However, this email was sent to a third party and not Aqua. When Aqua subsequently received Mrs P's query about her online account, it explained that her online account was closed after the debt was sold to a third party. And that payment needed to be arranged via the third party going forward. So, once the query was raised to Aqua, I can see it did respond to this. Taking everything into consideration, I haven't seen sufficient evidence to suggest that Mrs P made attempts to gain support from Aqua which weren't responded to.

My final decision

My final decision is that I don't uphold this complaint against NewDay Ltd trading as Aqua.

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

Claire Lisle
Ombudsman