

The complaint

Mr P complains that NewDay Ltd, trading as Fluid Credit Card, provided credit to him irresponsibly.

What happened

In December 2020, Mr P successfully applied to NewDay for a credit card which was issued to him with an initial credit limit of £1,200. NewDay then increased the credit limit available to Mr P on three occasions: to £2,450 in May 2021; to £3,450 in August 2021, and to £4,700 in December 2021.

In May 2025, Mr P raised a complaint with NewDay as he felt that he hadn't been able to afford the credit that NewDay had provided to him, and that NewDay should have recognised this point, had they conducted appropriate checks into his financial position before providing the credit to him.

NewDay responded to Mr P but felt that they had completed appropriate checks before offering him any credit, and that it had been reasonable for them to conclude, based on the results of those checks, that Mr P could most likely afford the credit offered to him at those times. Mr P wasn't satisfied with NewDay's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They didn't feel that NewDay had acted unfairly by approving Mr P's initial application and providing a credit limit of £1,200 to him. But they did feel that Mr P couldn't afford any of the credit limit increases that NewDay had applied to this account, and that NewDay should reasonably have recognised this point. NewDay didn't agree with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final 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.

I issued a provisional decision on this complaint on 22 January 2026 as follows:

It's for a business to decide whether it will offer credit to a customer, and if so, how much and on what terms. What this service would expect would be that before approving a customer for a new line of credit, or before increasing the amount of credit available to a customer on an existing line of credit, the business would undertake reasonable and proportionate borrower focussed checks to ensure that any credit being offered to a customer is affordable for that customer at that time.

NewDay believe that they did that here and note that when Mr P applied for a new credit account, they took information from him about his employment status and annual income, as well as obtained information from a credit reference agency to get a better understanding of his wider financial position.

NewDay also explain that before credit limit increases were applied to Mr P's account, they obtained new information from credit reference agencies to refresh their understanding of his financial position, as well as assessed how Mr P had managed his account with them to that time. And NewDay contend that there was nothing resulting from that information that they feel should have given them any reasonable cause to believe that Mr P might not be able to afford the credit that he was subsequently approved for and provided.

When Mr P applied for his NewDay account he told NewDay that he was in full time employment with a gross annual income of £58,000, which NewDay calculated as equating to a net monthly income of £3,042. Mr P also told NewDay that he had monthly outgoings, including cost-of-living costs and payments to existing creditors, of £1,148, which meant that he had monthly disposable income of £1,894.

Furthermore, when NewDay looked at Mr P's credit file, there wasn't any indication that Mr P might be in financial difficulty or might not be able to afford a new credit card with a £1,200 credit limit. This included that there were no missed or late payment markers, payment arrangements, or recent pay day loans reported on Mr P's credit file. And, taking all this information into consideration, I feel that NewDay did conduct proportionate checks and that it was reasonable for them to conclude that Mr P would most likely be able to afford the new line of credit they offered to him.

After Mr P opened his account, NewDay were able to monitor Mr P's account usage, and after three months of monitored usage they assessed Mr P for a potential credit limit increase, from £1,200 to £2,450, which they applied to Mr P's account from 4 May 2021.

When considering the credit limit increase, NewDay also factored in information from the Office of National Statistics to help them estimate Mr P's likely outgoings, and also used a process called Current Account Turn Over ("CATO") to help them estimate his income.

However, as the name suggests, CATO is based on how much money comes into a current account, and it can't discern between income from employment or transfers into an account from another account in the same name. This means that it can be the case that CATO gives an inaccurate picture of a person's income, and I feel that this happened in this instance.

One reason I say this is because when NewDay assessed Mr P's income when considering the credit limit increase, they modelled it as being £4,159, based on CATO information. But Mr P's actual monthly income, as demonstrated from his bank account statements, was £3,129. This means that NewDay assessed Mr P as having approximately £1,000 more income than he did.

However, even taking this discrepancy into account, I feel that it was reasonable for NewDay to have provided the credit limit increase to Mr P in early May 2021. This is because Mr P had managed his NewDay account without incident or concern since it had been opened, and because his credit file continued to not show any adverse reporting. Additionally, NewDay modelled Mr P's cost-of-living commitments (including housing) as being £1,316 per month, while his credit file confirmed existing credit repayments of £1,247 per month.

When assessed against Mr P's net monthly income of £3,129, the combined outgoing amount of £2,563 meant that Mr P had disposable income of £566. And with a disposable income in that range, I feel that if NewDay had correctly assessed Mr P's income, it would have been reasonable for them to conclude that an increased credit limit of £2,450 would most likely have been affordable for Mr P at that time.

For instance, if Mr P utilised that full amount of credit, the monthly interest incurred would be roughly £71 (given the account APR of 34.9%) and a payment to clear 10% of the capital balance (which is a very conservative yardstick to use) plus the accrued interest would be approximately £305, which likely would have been affordable for Mr P.

There was, however, one element of Mr P's overall financial position that I feel was beginning to look concerning at the time of this first increase. Specifically, Mr P's credit file showed that Mr P's total amount of external debt was increasing, from £19,000 to £21,100 from when Mr P opened the account to when NewDay assessed him for the credit limit increase.

In terms of a percentage of Mr P's net annual income, calculated as being £36,500, this equated to an increase from 52% to 58% - which while not alarming or prohibitive in this instance, was notable. However, in consideration of all the above, I don't feel that NewDay did act unfairly or unreasonably in providing this first credit limit increase to Mr P.

On 31 August 2021, NewDay increased Mr P's credit limit again, from £2,450 to £3,450. At that time, they modelled Mr P's total cost-of-living costs as being £1,575 and noted monthly payments to existing creditors of £1,364 – for a total monthly outgoing amount of £2,939. And NewDay used CATO information to model Mr P's income as being £5,307, which would have meant that Mr P had monthly disposable income of £2,368.

This CATO income figure, which had increased again from the initial £3,042, and then from the £4,159 modelled at the first credit limit increase, to now being £5,307, looks clearly incorrect. Indeed, it would mean that Mr P's income had increased by 75% in less than a year, which by any reasonable standard is unlikely. I therefore feel that NewDay should reasonably have recognised that point and should have sought to gain a confirmed and accurate understanding of Mr P's income.

Had NewDay done so, they would have discovered that Mr P's actual net income at that time, was £3,170. And when taken against the £2,939 outgoing that NewDay modelled for Mr P, that would have meant that Mr P only had disposable income of £231. Furthermore, I feel that NewDay should have been concerned that Mr P's amount of overall external debt continued to rise, up to £23,800, or 65% of Mr P's net annual income, by July 2021. And it also must be noted that after NewDay increased Mr P's credit limit in April he did then use his NewDay credit card for two cash advances, which can be an indicator that a person is in financial difficulty.

In consideration of these points, I feel that if NewDay had undertaken a reasonable and proportionate assessment of Mr P's financial position in August 2021, they should fairly have concluded that Mr P may not have been able to afford any further credit limit increase, such that they should not have provided that credit limit increase to him. And because of this, my provisional decision is that NewDay did act unfairly towards Mr P by increasing his credit limit from £2,450 to £3,450 in August 2021.

If Mr P has exceeded the £2,450 limit on his account, then he has had the benefit of that borrowing, and so I feel it's fair that Mr P should pay the capital amount of any borrowing above £2,450 back. But because I don't think NewDay should have increased Mr P's credit limit above £2,450, I don't think it's fair for NewDay to charge any interest or charges on any balances which exceeded that limit. Accordingly, my provisional instructions to NewDay are as follows:

Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £2,450 after the increase in August 2021.

If the rework results in a credit balance, this should be refunded to Mr P along with 8% simple interest per year, calculated from the date of each overpayment to the date of settlement. NewDay should also remove all adverse information recorded after August 2021 regarding this account from Mr P's credit file.

Alternatively, if after the rework the outstanding balance still exceeds £2,450, NewDay should arrange an affordable repayment plan with Mr P for the amount that remains above that credit limit. Once Mr P has cleared the outstanding balance, such that his balance is back under £2,450, then any adverse information recorded after August 2021 in relation to the account should be removed from their credit file. No interest or charges should be applied to the amount that exceeds £2,450.

If NewDay have sold this account to a third party, they should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

I've also thought about whether any compensation for trouble and upset should fairly be instructed here. But it's notable that NewDay gave Mr P the option to opt-out of the credit limit increases, which he didn't do, and for this reason I don't feel it would be fair to instruct NewDay to compensate Mr P.

Mr P responded to my provisional decision and asked why, given that NewDay gave him a line of credit which was unaffordable for him, NewDay shouldn't be instructed to repay some of the balance outstanding on his account, i.e. the credit that Mr P had used beyond the £2,450 amount I feel was fair and reasonable.

The position of this service is that if an individual has had the benefit of borrowing, they should fairly be asked to repay that borrowing. In this instance, when NewDay increased the credit limit on Mr P's account, he had the benefit of utilising that higher credit limit. And because of this, I feel it's fair that Mr P should be expected to repay that capital amount.

However, because I feel that NewDay did provide credit to Mr P irresponsibly (all credit beyond £2,450) I don't feel that NewDay should benefit from that lending in any way. Again, this is in alignment with the general position taken by this service regarding irresponsible lending, and it's for this reason that I've instructed NewDay to reimburse all interest and charges incurred by Mr P on the balance of his account above £2,450 back to Mr P's account.

Mr P also explained that he felt some form of compensation was merited and said that while he could opt-out of the credit limit increases, his personal circumstances at the time in question – which included financial difficulty and depression – meant it was, in practical terms, very difficult for him to have done so.

I want to acknowledge what Mr P has said about the financial pressures and personal difficulties he was experiencing at the time. I appreciate that periods of financial strain can be overwhelming, and that when someone is also dealing with their mental health, it can make managing credit and making decisions even more challenging. And I've thought carefully about whether it would be fair to award compensation in recognition of the impact this situation has had on Mr P.

If NewDay had misled Mr P about his account or credit limit in some way, or coerced him into accepting the credit limit increase, or removed Mr P's ability to choose whether he

wanted to accept a credit limit increase, then I would almost certainly be inclined to instruct some form of compensation payment to Mr P. But I don't feel that NewDay did do any of these things. Instead, they offered a credit limit increase to Mr P, and Mr P accepted that credit limit increase of his own choice.

That Mr P had that choice feels important to me. And while I accept that Mr P may not have been in the best position personally at that time to make a choice that he would later be happy with, that ultimately isn't NewDay's fault. Similarly, NewDay didn't know that Mr P might not have been best placed to make the choice that they offered to him, and I feel that NewDay offered the credit limit to Mr P in good faith (albeit based on an incorrect reasoning). And for these reasons, I don't feel it would be fair to instruct NewDay to pay compensation to Mr P for the personal impact that he experienced here.

My decision in this regard should not be taken to mean I doubt the difficulties Mr P has described. Rather, it reflects that NewDay could not reasonably have known about those circumstances at the time and didn't take any actions that removed his ability to choose whether to accept the credit increases.

I hope the redress I've set out helps Mr P move forward positively, and I'm grateful for the time he has taken to explain his circumstances. I confirm that the purpose of this redress is to remove the financial consequences of the lending that should not have been provided to Mr P, so that he is not unfairly disadvantaged by NewDay's mistake.

Putting things right

NewDay must do the following:

Rework Mr P's account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £2,450 after the increase in August 2021.

If the rework results in a credit balance, this must be refunded to Mr P along with 8% simple interest per year, calculated from the date of each overpayment to the date of settlement.

NewDay must also remove all adverse information recorded after August 2021 regarding this account from Mr P's credit file.

Alternatively, if after the rework the outstanding balance still exceeds £2,450, NewDay must arrange an affordable repayment plan with Mr P for the amount that remains above that credit limit.

Once Mr P has cleared the outstanding balance, such that his balance is back under £2,450, then any adverse information recorded after August 2021 in relation to the account must be removed from their credit file.

No further interest or charges may be applied to the portion of Mr P's account balance that exceeds £2,450.

Finally, if NewDay have sold this account to a third party, they must arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

My final decision

My final decision is that I uphold this complaint against NewDay Ltd, trading as Fluid Credit

Card, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 6 March 2026.

Paul Cooper
Ombudsman