

The complaint

Mr P complains that NewDay Ltd lent to him irresponsibly by making inadequate affordability checks and granting him an Aqua credit card he couldn't afford.

What happened

Mr P applied for and was granted the following Aqua credit card by NewDay as shown below:

Date	Event	Credit Limit
May 2025	Account Opened	£450

In summary, Mr P complains that NewDay didn't carry out sufficient affordability checks before lending to him. He says had they done so, they would have seen that his only income was his Personal Independence Payment (PIP), that he already had a significant amount of debt and new lending was not affordable. Mr P says this has caused him and his family significant stress and further financial difficulty.

Mr P complained to NewDay in October 2025 who considered the matter, but didn't uphold his complaint. NewDay say they conducted appropriate checks at the time of lending including reference to Mr P's credit file. They said their calculations suggested Mr P had sufficient disposable income to be able to sustainably repay the lending. Mr P disagreed and brought the matter to this service in November 2025.

An investigator considered the merits of this case along with the available evidence. In his view, NewDay made sufficient checks for the lending being offered and Mr P had sufficient disposable income to make the lending affordable. Mr P disagreed with the investigator. As there is no agreement, this has come to me to make 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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website – including the key relevant rules, guidance, good industry practice and law. In short, lenders must ensure that any credit that is approved is affordable and sustainable for the borrower. I've followed our approach when deciding Mr P's complaint.

Mr P has provided further information in relation to his circumstances in response to the investigator's view. I can assure him that I have read and considered these at some length. I also do not doubt the impact those circumstances have had on him. However, having considered all the available evidence, I agree with the investigator in this case.

I recognise this will disappoint Mr P. I will explain why I have reached this conclusion and address the main points raised by Mr P in his response to the investigator's view.

When Mr P applied for his card, he declared a gross annual income of £8,000 made up of his PIP payments. He also provided daily living costs and details of his existing credit commitments as part of his application.

NewDay took these declared figures and used them along with the content of Mr P's credit file to assess his application. Mr P's credit file showed no bankruptcies, Individual Voluntary Arrangements or County Court Judgments. There were no payday loans, late or missed payments reported.

Mr P says NewDay should have seen he was already struggling financially when making their lending decision. Given his age, Mr P's credit file was fairly new at the time of the lending. Given the time it can take for data to reach a credit file, it is possible adverse data existed but had not yet been published. I have seen the credit file used by NewDay when reaching their decision. I am happy to accept that Mr P may have been struggling as he describes, but here was nothing visible in the credit file that would indicate ongoing financial difficulties.

Mr P ask me to consider the difference between his financial situation on paper and his finances in real life. However, I must focus on the information as seen by NewDay at the time of the lending. Given the low credit limit and positive credit file, I don't think it would have been proportionate for NewDay to ask for more detailed financial records such as current accounts.

Given the positive content of Mr P's credit file and the very low credit limit of £450, I think the checks performed by NewDay were reasonable and proportionate to the lending being offered.

Mr P tells me that his mother is his appointee for his PIP payments. He says she receives his money, manages his bank account and handles his money as he struggles with finances and budgeting. He says this is reflected in his PIP award which recognises his challenges with some aspects of financial management.

I have given a lot of thought to this area and its potential impact on the lending. I must consider whether this amounts to a lack of capacity in this area. I have not seen any evidence to suggest a current power of attorney or similar shared management for wider issues beyond benefits payments. It is also unclear whether these arrangements were in place at the time of the lending.

I must also consider what NewDay were told or could see during the application process. There is nothing I have seen that suggests NewDay were made aware of these circumstances, nor could they have known from the details contained in the credit file. So, while I don't doubt Mr P finds these areas difficult and may need assistance with some financial matters, I don't think there is sufficient on the balance of probabilities for me to doubt capacity. Nor do I think NewDay had any means of knowing of these circumstances.

Given that I have said the checks performed were reasonable and proportionate to the lending, I must also consider whether the decision to lend to Mr P was fair. I have seen the credit file and affordability assessment performed by NewDay and also performed my own. These indicate a disposable income at the time such that the lending could likely be sustainably repaid.

Given this, I find that the decision to lend in this case was fair.

In reaching my conclusions, I've also considered whether the lending relationship between Mr P and NewDay might have been unfair to Mr P under s140A 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 Mr P with the credit card. And I haven’t seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr P’s complaint against NewDay Ltd.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 26 March 2026.

Richard Bellamy
Ombudsman