

The complaint

NewDay Ltd trading as Aqua ('NewDay') provided Mr M with a credit card in November 2019 with a limit of £900. Subsequently there was an increase to the credit limit on 24 July 2020 to £1,650 and on 28 December 2020 to £2,900. Mr M says NewDay failed to lend reasonably or to monitor the credit card for financial difficulty.

NewDay has upheld the complaint from the first increase to the credit limit. Mr M thinks he should have his debt written off.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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've read and considered the whole file, but I have confined my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr M's case.

I do not uphold Mr M's complaint about the initial lending decision when the card was opened. I say this because the checks NewDay used when agreeing the increase to the credit card were reasonable and proportionate, given the credit card limit being granted and what it knew about Mr M's financial situation. I say that because Mr M's declared income was not modest compared to the initial lending limit and there appears to have been no signs of defaults or missed payments in Mr M's immediate credit history. So, considering the information that NewDay had presented to it or that it collected for itself, there was insufficient reason to decline the credit or to have put NewDay on notice that it needed to make more searching enquiries into Mr M's finances.

NewDay upheld Mr M's complaint from the first increase to the credit limit. And it appears to have paid redress to the third party that owns the debt now of all the interest and fees that occurred due to balances over £900 from 24 July 2020. That is the redress I would have awarded had I looked at the merits of this case at the point of the first credit increase and upheld the complaint at that point. So, I have nothing to add to the merits of the complaint in reference to the two increases to the credit limit as I would not normally make an award greater than that which NewDay has already made.

But Mr M told us he was informed that he would be having his debt written off. And so, Mr M thinks that should be the appropriate redress I should award him now.

The standard redress for unaffordable lending is for the business to return the interest and charges that it attached to the unaffordable lending. The idea is that the business should not benefit from the unaffordable lending it provided. And that would be the fair way to compensate someone who experienced unaffordable lending, normally.

It would not be normal redress to suggest that the credit amount be returned to the consumer or written off. I say that because in such a case it could be argued that the consumer had access to the capital amount twice. I have seen insufficient evidence that would be a fair settlement in this case.

I cannot know what was said to Mr M that made him think he was having his debt written off. I have seen all the evidence submitted in this case, including but not limited to, the contact notes, the written communications and the telephone calls provided by NewDay. I have seen no evidence that supports what Mr M has told us. So, I have seen insufficient evidence to support an award that would be more than the standard redress that usually applies to cases like this.

Our investigator felt that NewDay had let Mr M down by not making the redress payment in a timely manner. Our investigator awarded Mr M £100 for the poor service and NewDay has agreed to make that payment to Mr M. Mr M thought it should be a larger award. I have seen insufficient evidence to think the award is unreasonable.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as described above and below, results in fair compensation for Mr M in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

How to put things right

NewDay has already made an offer to pay standard redress on lending above £900 from 24 July 2020 to the third party that now has Mr M's debt. I understand that the payment has already been made. If that payment has not been made, it should be done now.

NewDay should pay Mr M £100 in recognition of NewDay's poor service, if it hasn't already done so.

My final decision

My final decision is that I'm upholding this complaint and NewDay Ltd trading as Aqua must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 March 2026.

Douglas Sayers
Ombudsman