

The complaint

Miss M complains that NewDay Ltd, trading as Aqua, acted irresponsibly when they gave her a credit card and then soon increased the amount she could borrow.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss M's complaint is that NewDay:

- A. Shouldn't have given her a credit card in May 2021 and increased her limit in January 2022. This is because they should've:
 - Identified, at the time of her application, that she was employed as an administrator with a modest average monthly income of approximately £1,400. And that she no longer had a job in January 2022.
 - Factored in other real costs, such as housing and health management (prescriptions and travel), and noticed her disposable income was less than the £1,090 that they calculated.
 - Identified that she was vulnerable, experiencing significant mental health issues which had a direct impact on her ability to manage her finances, make informed decisions, understand the implications of a credit agreement and assess long-term affordability.
- B. Were unsupportive when she contacted them multiple times in a period of severe mental health illness to explain her situation and request help. She explains that she was only given a short-term payment window and informed that if she didn't pay the amount due within that time, the account would be passed on to debt collectors.

NewDay said they were confident that proportionate checks were completed when issuing both credit limits. However, as Miss M's circumstances may have changed on or around 17 January 2022, when they increased her limit, they decided to issue her with a refund of £153 in fees and £449.40 in interest that was paid on balances over the original £900 credit limit. Also, they amended her credit file.

Miss M was dissatisfied with NewDay's resolution and, as she believes the debt should be written off with all fees and interest backdated to the date her account was opened, she escalated her complaint to our service.

However, as our investigator considered NewDay's resolution to be fair and reasonable, Miss M's complaint has been passed to me to look at.

I issued a provisional decision on 21 January 2026, and this is what I said:

I've considered the relevant information about this complaint.

My provisional decision is the same outcome as that of our investigator but I'd like to give Miss M a further opportunity to provide additional information.

The deadline for both parties to provide any further comments or evidence for me to consider is 3 February 2026. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Miss M, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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.

Having done so, whilst I'm very sorry to hear about Miss M's financial and health difficulties, my provisional decision is to not uphold this complaint, and I'll explain why.

I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points both parties have made, even though I don't specifically address them all.

The general approach to complaints about unaffordable and irresponsible lending including the key relevant rules, guidance and good industry practice is set out on this service's website.

NewDay needed to take reasonable steps to ensure it didn't lend irresponsibly. Rather than approach Miss M's credit card application from the perspective of the likelihood of getting its money back, they had a responsibility to ensure that the repayments wouldn't cause her undue difficulty or significant adverse consequences.

That meant Miss M should've been able to meet repayments out of her normal income without having to borrow to meet the repayments, without failing to make any other payments she had a contractual or statutory obligation to make and without the repayments having an adverse impact on her financial situation.

NewDay checks also had to be "proportionate" to the specific circumstances of the credit application. In general, what constitutes a proportionate check will depend upon a number of things including – but not limited to – the particular circumstances of the consumer (e.g. financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- The lower a customer's income (reflecting that it could be more difficult to make any repayments to credit from a lower level of income).*
- The higher the amount due to be repaid (reflecting that it could be more difficult to meet higher repayments from a particular level of income).*
- The longer the period of time a borrower will be indebted for (reflecting the fact that the total cost of the credit is likely to be greater and the customer is required to make repayments for an extended period).*

Regarding NewDay's refund offer, from the date the credit limit was increased, NewDay refer to information Miss M provided to them, which I can't see our service has received, and their rationale is that they took account of the additional information Miss M provided and recognised that, on or around 17 January 2022, her circumstances may have changed.

Miss M appears to interpret this as a partial admission that there was a NewDay failing and that this is relevant to their decision to open the account. However, it isn't possible for me to comment on her assertion that it 'undermines the conclusion that the initial credit limit was appropriate' without seeing the additional information and NewDay's comment suggests the information isn't conclusive. Also, the information appears to be after the account opening date.

So, the offer, to refund fees and interest, after the credit limit was increased, appears to be NewDay recognising that before agreeing the increase they should've made enquiries about Miss M's circumstances. And because they didn't do this, they are willing to accept what she says.

In circumstances where a business accepts that they should've done more before increasing a credit limit, NewDay's resolution is what our service would expect to see as the consumer has had use of a business's money. And without seeing Miss M's submission, and evidence of her assertions, which appear to be job and health related, it isn't possible to say that NewDay's resolution isn't fair or reasonable.

Regarding Miss M's initial lending application and whether NewDay's checks were proportionate, NewDay have:

- *Explained that they verified the income and living expenses Miss M declared through Current Account Turnover (CATO) data.*
- *Provided evidence that they then calculated her monthly disposable monthly income after checking current creditors on a credit file which:*
 - *Didn't show any concerning information as she wasn't subject to any CCJs, IVAs or Bankruptcy, hadn't defaulted on any credit commitments, was repaying her credit commitments and had no active payday loans.*

I think the £1090.90 that NewDay calculated would've been more than sufficient for a relatively small £900 credit limit and allow for any cost-of-living expenses that may have been missed. However, the crux of Miss M's complaint appears to be that NewDay's checks weren't proportionate as they didn't seek information on other costs, mainly accommodation, or assess her vulnerability.

Regarding accommodation costs, I think it more likely than not that NewDay did request this information, and she entered zero in the field. I say this because NewDay's system extrapolates and retains data from the application form and this shows a zero figure. Also, it is standard for a lender to ask how much an applicant pays towards their rent or mortgage and this question is on their online application form.

Miss M hasn't provided details and evidence of her rent or expenditure at the time of her application, so I don't know what impact this would've had on the disposable income NewDay calculated which appears more than sufficient to afford 5% repayments of £45.

As Miss M appears to have had an informal rental arrangement, this may have caused her to enter zero in the accommodation field. However, I think it was Miss M's responsibility to provide accurate information or to contact NewDay to ask them how to detail a rental arrangement if she was unsure. I can't see that Miss M did this and I don't think it was unreasonable for NewDay not to have factored rent, which not all customers have to pay, into their calculations or have been proportionate for them to request bank statements that would likely cause delay and could be difficult to interpret.

Regarding Miss M's mental health issues at the time, I can't see that Miss M made NewDay aware of this when she applied for their credit card and as explained by our

investigator, guidance for Creditors by the Office of Fair Trading says lenders should not refuse to lend on the basis that a consumer suffers from mental health difficulties as that would be discriminatory.

So, having considered the above, I'm satisfied that NewDay's checks were proportionate and that the disposable income they calculated (from analysing the key information they gathered including that stated by Miss M on her application) meant it was reasonable for them to think the credit card was affordable (and issue her with a credit card account) even though Miss M did have a modest income.

Finally, Miss M complains that NewDay failed to provide her with adequate support when she found herself in a vulnerable position.

Whilst I'm very sorry to hear about Miss M's financial and mental health difficulties, Miss M hasn't provided any evidence of these difficulties and the support she requested. NewDay acknowledge that Miss M did make contact with them in May 2023 and that they knew she was hospitalised. However, the information NewDay have provided is that Miss M didn't respond to them when she requested support and they therefore put in place a one-month payment holiday.

Also, NewDay say they provided Miss M with support, in the form of a three-month payment freeze, in September 2023 and March 2024. Also, that in August 2024 they agreed a payment plan. So, without any further information from Miss M, there is insufficient evidence to determine that NewDay were unsupportive and treated her unfairly.

So, having considered all the above, although I'm genuinely very sorry to hear of Miss M's difficulties, I currently think NewDay's resolution is fair and reasonable.

My provisional decision

For the reasons I've given above, my provisional decision is not to uphold this complaint against NewDay Ltd, trading as Aqua.

I'll look at anything else anyone wants to give me – so long as I get it before 3 February 2026.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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.

Further to my above provisional decision, Miss M made further submissions about both strands of her complaint.

Strand A

Regarding Miss M's complaint that NewDay shouldn't have given her a credit card in May 2021, Miss M said:

- She no longer had historical pay slips.
- She understands NewDay relied on CATO data and accepted her declared income and doesn't seek to dispute the income figure used.
- Her living arrangements at the time were informal and she explained that she did contribute towards housing costs but, as she didn't have a formal tenancy, she was unsure how to record this on the application.

- Therefore, she didn't intentionally misrepresent her circumstances, and she accepts that this may have resulted in accommodation costs not being fully reflected.

I would like to thank Miss M for the above information and clarification. Having further considered NewDay's checks when Miss M opened a credit card with them, although I don't think there was any attempt to provide NewDay with misleading information, for the reasons mentioned in my above provisional decision I don't think NewDay treated her unfairly or unreasonably. I think NewDay's checks were proportionate and that the disposable income they calculated meant it was reasonable for them to think the credit card was affordable even though Miss M did have a modest income. And I think it was Miss M's responsibility to contact them if she was uncertain about her application form entries.

Strand B

Regarding Miss M's complaint that NewDay were unsupportive when Miss M contacted them in a period of severe mental health illness Miss M:

- Provided medical evidence which supported her statement that she had mental health difficulties and was hospitalised around May 2023.
- Maintains that her vulnerability and communication difficulties were not adequately supported once NewDay became aware of her situation.
- Explained that her limited communication and lack of records was because communication was mainly by phone and that a lack of alternative communication methods, such as email, created a barrier for her when she was unwell.

On receipt of this information, I asked NewDay for their communication records and they submitted these.

Whilst I'm satisfied that Miss M was a vulnerable customer and understand her not wanting to speak over the phone, NewDay's records appear to be transposed from their digital communication channel rather than phone. And they say the dialogue wasn't over the phone and they reached out to Miss M in her preferred electronic communication method.

I appreciate Miss M's testimony differs to NewDay's. But in situations where we receive conflicting information over historical communications and can only see one party's evidence and are unable to interrogate systems (as we aren't the regulator of financial businesses), I have to base my decision on the limited information that is available. And NewDay's records consistently show that they responded to Miss M, sought information so they could support her and made reasonable adjustments with payment breaks.

So, although I'm very sorry to hear about Miss M's health and financial difficulties, having reviewed all the available information I can't fairly or reasonably say that NewDay didn't offer support to her.

Having looked at everything again, including NewDay's contact records, I think NewDay's checks were proportionate and lending decisions were fair. Regarding the fee and interest refunds they made when they acknowledged that her circumstances may have changed, as Miss M had use of NewDay's money, I think this was a fair resolution and I don't think it would've been reasonable for the debt to be written off.

So, whilst I genuinely empathise with Miss M's difficulties, my final decision is that I'm not upholding this complaint.

My final decision

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against NewDay Ltd trading as Aqua.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept

or reject my decision before 21 March 2026.

Paul Douglas
Ombudsman