

## The complaint

Mr B complains that NewDay (trading both as Aqua and Fluid) lent to him irresponsibly and that the credit provided was unaffordable. Mr B further complains that NewDay closed both of his accounts unnecessarily; did not give him a repayment plan for the closed accounts; and when he contacted their customer service team their response was upsetting and unprofessional.

## What happened

In November 2019 Mr B applied for and received a credit card from NewDay under their Aqua brand (“the Aqua card”). It had an initial limit of £450 which was increased by NewDay on 4 separate occasions between August 2020 and March 2025. The detail is as follows: Increase to £1,200 in August 2020; increase to £2,200 in August 2022; increase to £2,800 in October 2023; final increase to £4,300 in March 2025.

In May 2024 Mr B separately applied for and received a credit card from NewDay under their Fluid brand (“the Fluid card”). It had an initial limit of £2,500 which was increased by NewDay to £3,200 in September 2024.

In May 2025 Mr B complained to NewDay. He said that it was irresponsible of them to provide him with the credit because of his financial circumstances; and that they did not carry out sufficient checks before agreeing to provide credit to him. He further complained that both card accounts were closed following his complaint to NewDay when he had asked that the accounts should not be closed; and that no repayment plan for the balances then due was put in place.

NewDay looked into the complaint and sent a final response letter in July 2025. They outlined the checks they had carried out for both the Aqua card and the Fluid card, including when the initial credit limits were increased. Overall they felt that the credit was provided responsibly throughout; and that their credit assessments showed that Mr B had sufficient disposable income to meet the original and increased repayments without causing him financial difficulties.

NewDay further said that they closed both accounts in light of unaffordability concerns raised by Mr B. They wanted to help to ensure that he did not get into further financial difficulty. They advised him that he should continue to make monthly payments when due in line with their statements while there was an outstanding balance. Finally they signposted him to internal and external support if he was struggling to make repayments.

They didn’t uphold the complaint.

Mr B referred his complaint to our service. One of our Investigators looked into it. She felt as follows:

*The Aqua card:* that NewDay had not adequately assessed Mr B’s overall financial circumstances before providing him with the initial credit.

Overall, she felt NewDay's checks had revealed a very low disposable monthly income (£81.99) against the risk of potential emergencies and/or increases in financial commitments. Given such a low disposable monthly income, NewDay should have declined the initial application in November 2019. This credit was unaffordable and unfair.

She went on to say that, because the initial lending was unfair, all of the credit limit increases constituted unfair lending as well. None of the credit limit increases would have happened if Mr B's application in November 2019 had been declined as it should have been. She upheld Mr B's complaint regarding the Aqua card;

*The Fluid card:* that NewDay had carried out reasonable and proportionate checks before providing him with the initial credit limit on this card. The decision to open this account was fair in all the circumstances.

NewDay did carry out further checks when the credit limit on the Fluid card was increased. When examining how the account had been managed prior to September 2024, whilst it had stayed within the set limit, there was evidence of late payment fees. The increased amount of credit was relatively high given Mr B's disposable monthly income and there was a higher risk of the credit becoming unsustainable. NewDay's further checks at this point were not reasonable and proportionate in all the circumstances.

The Investigator went on to consider what the position would have been if reasonable and proportionate checks had been carried out in September 2024. Such checks should have included further evidence from Mr B such as bank statements. She felt that NewDay could then reasonably have concluded that the increased credit limit was affordable. She did not uphold Mr B's complaint regarding the Fluid card.

Mr B agreed with the Investigator, but NewDay did not. The complaint has therefore been passed to me for a 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.

Our approach to complaints about the irresponsible and unaffordable provision of credit is set out in detail on our website. I've used this approach to help me decide Mr B's complaint. For example, I've considered the rules and guidance on responsible credit provision relevant to the times of the credit decisions set out in the Financial Conduct Authority's ("FCA") Consumer Credit Sourcebook ("CONC").

In summary, NewDay needed to carry out reasonable and proportionate checks before taking each credit decision to ensure they did not provide credit to Mr B irresponsibly.

There is no set list of the checks NewDay had to do. What constitutes a proportionate affordability check will depend upon a number of factors including, but not limited to, the amount, type and cost of the credit Mr B was seeking as well as his overall financial circumstances. I've kept all of this in mind when considering whether NewDay did what was required before providing each item of credit to Mr B.

### **The Aqua card**

*The original decision to provide credit*

When Mr B made his first application for the Aqua card, NewDay estimated his disposable monthly income to be £81.99 after deducting housing and living costs and other credit commitments. It appeared that Mr B did not have sufficient disposable income to meet the cost of this credit and provide a sufficient buffer for potential emergencies and/or increases in financial commitments. Taking all these factors into account, I think that NewDay did not reach a fair decision to issue the Aqua credit card to Mr B.

#### *The increases in the credit limit*

As I think the Aqua card should not have been issued in the first place, I further think the credit limit increases should not have happened either.

### **The Fluid card**

#### *The original decision to provide credit*

NewDay's overall assessment showed monthly income of £2,213.30; existing credit commitments of £1,168; living costs of £459.18; housing costs of £200; and an estimated disposable monthly income of some £388. It appeared that Mr B did have sufficient disposable income to meet the cost of this credit and provide a sufficient buffer for potential emergencies and/or increases in financial commitments. The credit reference agency checks showed no CCJs or recent debt default. Nor was there evidence of active payday loans.

Taking all these factors into account, I think that NewDay carried out reasonable and proportionate checks before issuing the Fluid card to Mr B.; and made a fair decision to issue this card.

The applicable rules and guidance do not require a lender to see full evidence of income and expenditure in every case. Instead the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants. This includes the consideration of statistical data where it is reasonable and proportionate to do so, as was the case here.

#### *The increase in the credit limit*

I think NewDay had enough information available to them at this point without completing further checks to know that further lending was likely to cause foreseeable harm.

Not only had Mr B incurred a late fee on the Fluid account in the four months it was running, the checks should have included information already available to NewDay through the Aqua account. When the Fluid card credit limit was increased, the Aqua account was over its credit limit, was suspended, and default fees were being charged.

It appeared that Mr B did not have sufficient disposable income to meet the cost of the increased credit on the Fluid card and provide a sufficient buffer for potential emergencies and/or increases in financial commitments. Taking all these factors into account, I do not think that NewDay could then reasonably have concluded that the increased credit limit was affordable.

Taking all these factors into account, I do not think that NewDay reached a fair lending decision before increasing the Fluid card limit.

For these reasons, and in respect of this complaint, I think that NewDay provided credit to Mr B irresponsibly when they issued the Aqua card; and when they increased the credit limit on the Fluid card (but not when they issued the Fluid card); and that these provisions of credit were unaffordable at the times they were provided.

In reaching my conclusions, I've also considered whether the lending relationship between Mr B and NewDay might have been unfair to Mr B under s140A of the Consumer Credit Act 1974 ("CCA"). I have not seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

### **The closure of the accounts**

Mr B's initial complaint to NewDay raised unaffordability concerns. Given such concerns, I think it was reasonable and proportionate for NewDay to close both of his accounts so that his financial position did not deteriorate. I also think that it was reasonable and proportionate for NewDay to say to Mr B at the time that he should pay any outstanding sums in accordance with the monthly statements they issued.

### **NewDay's customer service team**

NewDay have provided recordings of their conversations with Mr B regarding the closure of his accounts. I have listened to those conversations. I do not think that the way in which the NewDay representatives dealt with Mr B was unprofessional. Rather they answered the various questions he asked in a courteous way; and referred him to this Service in the event that he remained dissatisfied with what they had said to him.

### **Putting things right**

I don't think NewDay should have issued the Aqua card to Mr B; nor should they have increased the credit limit on the Fluid card on 23 September 2024. I therefore think it isn't fair for them to be able to charge any interest, fees and charges relating to the Aqua card; or relating to the Fluid card from when the latter's credit limit was increased.

NewDay should therefore rework the account for the Aqua card and refund all interest, fees and charges applied to this account from when it was opened.

NewDay should also rework the account for the Fluid card and refund all interest, fees and charges applied to this account from 23 September 2024.

NewDay may apply any resulting refunds to any outstanding balances due on the accounts. If there is a surplus due to Mr B after applying any refunds to any such outstanding balances, NewDay should add simple interest at 8% per annum to the surplus from the date of each overpayment to the date of settlement.

Alternatively, if after applying any refunds to the outstanding balances, there are still sums due to NewDay then they should work with Mr B to agree an affordable repayment plan.

Finally, once the account balances have been cleared NewDay should remove all relevant adverse credit information from Mr B's credit file, if such information has been reported.

For both cards, HM Revenue & Customs require NewDay to deduct tax from any award of interest. NewDay must give Mr B a certificate showing how much tax has been taken off if he requests one.

### **My final decision**

My final decision is that I uphold the complaint in relation to the Aqua card and the credit limit increase on the Fluid card. I do not uphold the complaint in relation to the issuing of the Fluid card.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 March 2026.

Richard Ellison  
**Ombudsman**