

The complaint

Miss R complains that NewDay Ltd trading as Aqua lent irresponsibly when it approved her credit card application and later increased the limit.

What happened

Miss R applied for an Aqua credit card in January 2020. In her application, Miss R said she was employed with an annual income of £25,000. Aqua used a service provided by a credit reference agency to verify the income figure Miss R gave. Aqua used a net monthly income of £1,568 in its lending checks.

A credit search was completed that found Miss R had existing debts of around £7,000 with monthly repayments totalling £419. No adverse credit, defaults or recent missed payments were noted on Miss R's credit file.

An affordability assessment was completed using Miss R's income of £1,568 a month with deductions for housing costs of £336, general living expenses of £432 and existing debt repayments of £419. Aqua says Miss R had a disposable income of around £203 a month and approved her application, issuing a credit card with a limit of £900.

Miss R used the credit card and Aqua went on to increase the limit to £1,500 in May 2020 and £2,500 in August 2020.

Miss R's explained she was supporting family in 2020 when the credit limit increases were offered and that she lost her job in 2022 leading to payment holidays with Aqua. In 2025 Aqua contacted Miss R about a paydown plan due to persistent debt. Further payment holidays were agreed in 2025.

Miss R complained that Aqua lent irresponsibly and it issued a final response. Aqua said it had completed the relevant lending checks before each lending decision and didn't agree it lent irresponsibly to Miss R.

An investigator at this service looked at Miss R's complaint. They thought Aqua had completed proportionate checks when assessing Miss R's application and credit limit increases and didn't think it lent irresponsibly. The investigator wasn't persuaded Aqua had treated Miss R unfairly after the account was approved and thought it had provided reasonable support when needed.

Miss R asked to appeal and said other lenders had upheld her irresponsible lending complaints. Miss R also said that in August 2020 she was using a large portion of her available credit. Miss R said her use of existing credit facilities should've shown Aqua she wasn't borrowing sustainably. Miss R added that payments she made in addition to the minimum payment that didn't show she was able to repay the balance without further credit or financial difficulties. Miss R questioned whether the use of estimates for her outgoings was reasonable given her existing debts. As Miss R asked to appeal, her complaint has been passed to me to make 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.

Before agreeing to lend or increasing the credit limit, the rules say Aqua had to complete reasonable and proportionate checks to ensure Miss R could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Aqua used when considering Miss R's application above. Miss R confirmed she was employed and gave an annual income of £25,000. Aqua verified the income figure provided by Miss R via a service provided by a credit reference agency. I'm satisfied the net monthly income figure of £1,568 used by Aqua was reasonable.

The credit check showed Miss R had existing debts totalling around £7,000 and was making monthly payments of £419. I note there was no evidence of adverse credit or recent missed payments on Miss R's credit file indicating she was managing her existing debt levels. I haven't seen information on Miss R's credit file that I think should've led Aqua to reach the view she was struggling or overcommitted.

The affordability assessment completed by Aqua used estimates for Miss R's rent of £336 and general living expenses of £432 a month. I understand these were estimates but that's an approach lenders are allowed to take under the relevant lending rules. I haven't seen anything in the application information that indicates it wasn't reasonable to use estimates in this case. Aqua's confirmed it uses information from nationally recognised statistics when reaching its estimates and I'm satisfied that was a reasonable approach.

The affordability assessment took Miss R's income, housing costs, general living expenses and existing debts into account. Aqua reached the view Miss R had a disposable income of £203 a month after her existing outgoings were met which was sufficient to sustainably make repayments to a new credit card with a limit of £900. In my view, the checks Aqua completed were proportionate to the amount and type of credit it went on to approve. Overall, I'm satisfied the decision to approve Miss R's application and issue a credit card with a limit of £900 was reasonable based on the information Aqua obtained. I haven't been persuaded Aqua lent irresponsibly when it approved Miss R's application.

I'm going to deal with the credit limits together as they were approved within around three months of each other and used largely the same information.

For both credit limits Aqua checked Miss R's account history. I can see from the information provided that Miss R was regularly making payments well in excess of the minimum

required. No late or overlimit fees were applied to the account. Aqua also checked Miss R's credit file. No new missed payments or adverse credit were recorded before the credit limit increases were approved. In May 2020, Miss R's unsecured credit was around £7,000 and in August 2020 it was around £8,000. So Miss R's unsecured debt levels were reasonably consistent. And the repayments Miss R made indicated she was managing the account well.

Aqua used the credit reference agencies to get a picture of Miss R's net monthly income before each increase. Aqua also completed new affordability assessments using Miss R's income, outstanding debts and general living expenses. Aqua reached the view Miss R had a disposable income of £629 in May 2020 and £649 in August 2020. I note there were no deductions for Miss R's rent in the credit limit affordability assessments. But using the rent figure from January 2020 of £336, Miss R would've had a disposable income of £293 in May 2020 and £313 in August 2020. I'm satisfied those figures would've been sufficient to sustainably afford the credit limit increases of £600 in May 2020 and £1,000 in August 2020.

I'm very sorry to disappoint Miss R but I haven't been persuaded Aqua lent irresponsibly. In my view, Aqua completed proportionate checks and its decisions to increase the credit limit were reasonable based on the information it obtained.

I've looked at Miss R's account history and contact with Aqua since her credit card was approved. I can see Miss R has experienced some problems maintaining the payments. But the information on file doesn't indicate Aqua treated Miss R unfairly. I can see Aqua has agreed various payment holidays to try and provide breathing space. Aqua also offered a paydown plan in 2022 that would've restricted use of the credit card but repaid the balance quicker, reducing interest.

Persistent debt was identified by Aqua in 2025 and a paydown plan was agreed over a 36 month term. That approach follows the relevant industry regulations and I haven't seen anything that shows Aqua failed to engage with Miss R or treated her unfairly.

I've considered the contact Miss R had with Aqua after her application was approved and the way it administered her account. Having done so, I haven't seen information that shows Aqua failed to show forbearance with Miss R's account or treated her unfairly when she needed support.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Aqua lent irresponsibly to Miss R or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 15 April 2026.

Marco Manente
Ombudsman