

The complaint

Mr X complains that NewDay Ltd trading as Aqua lent irresponsibly when it approved his credit card application.

What happened

Mr X applied for an Aqua credit card in August 2025. In his application, Mr X said he had an annual income of £10,000. Aqua says it used a tool provided by a credit reference agency to verify the income figure provided and used a net monthly income of £833. A credit search found no evidence of any adverse credit, defaults, recent missed payment. No debts or outstanding balances were found.

Aqua completed an affordability assessment using Mr X's net monthly income of £833 and making a deduction for his general living expenses of £402 a month. Aqua says Mr X had around £431 remaining after his existing outgoings were met. Aqua approved Mr X's application and issued a credit card with a limit of £1,200.

Mr X used his credit card for retail spending in August and September 2025. In October 2025 Mr X took cash advances totalling £2,247 and made payments coming to £1,519.

In December 2025 Mr X complained that Aqua lent irresponsibly. Aqua issued a final response but didn't agree it lent irresponsibly to Mr X and didn't uphold his complaint.

An investigator at this service looked at Mr X's complaint. They thought Aqua completed proportionate checks before agreeing to lend and weren't persuaded it lent irresponsibly to Mr X. The investigator also wasn't persuaded Aqua treated Mr X unfairly in any other way.

Mr X asked to appeal and said Aqua had failed in its duty to monitor his account and intervene once his application was approved. Mr X also said Aqua had failed to treat him with forbearance and identify financial difficulties and vulnerability. Mr X said he'd used the account for repeated cash advances increasing the outstanding balance indicating financial stress. Mr X added that gambling related credit requires a proactive lender response and that timely and proportionate action was required. Mr X also said he disagreed with the figures used in Aqua's lending assessment. As Mr X asked to appeal, his 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've

focused on what I think are the key issues. My approach is in line with the rules we operate under.

Before agreeing to lend, the rules say Aqua had to complete reasonable and proportionate checks to ensure Mr X 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 Mr X provided when applying for his Aqua credit card above. I can see Mr X gave an annual income of £10,000 and Aqua's confirmed it verified that figure via a service provided by a credit reference agency that monitors current account turnover. As the income figure Mr X gave in his application was verified via a third party I'm satisfied it was reasonable for Aqua to use a net monthly income of £833 in its affordability assessment.

Mr X's credit file showed he had no other debts and no adverse credit. I haven't seen anything in the information obtained that would've indicated to Aqua Mr X was struggling financially. In my view, Mr X's credit file showed he was in a stable financial position.

Aqua used an estimate obtained from nationally recognised statistics to reach an outgoings figure for Mr X's general living expenses. The relevant lending rules allow businesses to use reasonable estimates for certain outgoings when considering an application for credit. I haven't seen anything in the information available that indicates the approach taken by Aqua was unreasonable or that the use of an estimate wasn't appropriate.

The affordability assessment took Mr X's income and outgoings into account and reached the view he had a disposable income of around £431 a month after his existing outgoings were met. In my view, that was a reasonable conclusion following proportionate checks by Aqua. And I'm satisfied that a disposable income at that level would've been sufficient to sustainably afford repayments to a new credit card with a limit of £1,200. I'm sorry to disappoint Mr X but I haven't been persuaded Aqua lent irresponsibly when it approved his application.

Mr X has also said Aqua failed to step in when he used his credit card for gambling purposes. But I think it's fair to say there weren't payments I was able to identify as being for gambling purposes from Mr X's Aqua credit card. Aqua has confirmed that it doesn't allow payments for gambling purposes from its credit cards and has restrictions in place. With that being said, I can see that in October 2025 Mr X took cash advances totalling £2,247. Mr X also took some lower level cash advances in the following months. Whilst I can see Mr X did use his Aqua credit card for a substantial amount of cash withdrawals in October 2025, that pattern wasn't reflected in the other months his account was open. Mr X made repayments to cover the majority of the cash withdrawals he made in October 2025. From that point Mr

X's Aqua credit card was used for retail spending until Mr X repaid the balance and it was closed.

I haven't been persuaded that Aqua missed signs Mr X was vulnerable after his application was approved. Whilst I note the pattern of cash withdrawals in October 2025 that activity wasn't characteristic of how Mr X used his credit card in other months. I can see that after Mr X's complaint was raised and investigated his account was restricted by Aqua. I think that shows Aqua had taken Mr X's comments on board and wanted to reduce the potential for financial harm. Aqua's provided evidence to show Mr X repaid the outstanding balance in full and that his account was closed. I'm satisfied that was a fair approach in the circumstances of Mr X's complaint.

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 Mr X or otherwise treated him 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 Mr X's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr X to accept or reject my decision before 16 April 2026.

Marco Manente
Ombudsman