

## The complaint

Mr B complains that NewDay Ltd trading as BIP (NewDay) irresponsibly provided him with credit.

## What happened

NewDay provided Mr B with a credit card as follows:

Date	Event	Amount
December 2021	Account opening	£1,200
May 2022	First credit limit increase	£2,450
March 2023	Second credit limit increase	£3,550

In summary, Mr B considers that NewDay lent to him irresponsibly. His complaint was rejected by NewDay because it considered that its lending decisions had been appropriate.

Mr B remained unhappy and brought his complaint to this service. One of our investigators reviewed matters and considered that NewDay's lending had not been irresponsible.

Whilst NewDay agreed with our investigator's view, Mr B didn't. As an agreement has not been reached, the 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've looked at all of the information on file, although I may not have commented on everything.

The rules and regulations in place at the time Mr B was provided with the credit card and when its limit was increased, required NewDay to carry out reasonable and proportionate assessments of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means NewDay had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr B. In other words, it wasn't enough for NewDay to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr B.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether NewDay did what it needed to do before arranging the credit card for Mr B.

When Mr B applied for the credit card, he declared that his gross annual income was £27,600. NewDay didn't solely rely upon the information provided by Mr B. It also used Current Account Turnover Data and its in-house affordability models to make estimations about Mr B's disposable income. Based upon this assessment, NewDay estimated that Mr B had around £960 of disposable income. Alongside this it carried out a credit check. This showed that Mr B's existing credit commitments were around £20 each month. There were no County Court Judgments (CCJs) or similar either.

On the basis of these checks, NewDay proceeded to grant Mr B a credit card with a limit of £1,200.

In considering Mr B's complaint, I've thought carefully about what reasonable and proportionate checks are in relation to each of NewDay's lending decisions.

### ***Account opening***

In overall terms, I think NewDay carried out reasonable and proportionate checks to determine affordability and assess Mr B's creditworthiness. In reaching that conclusion, I take account of the fact that NewDay carried out a reasonable assessment of Mr B's likely outgoings. And, whilst Mr B has expressed some concerns about the credit checks carried out by NewDay, I'm satisfied that NewDay's assessment of his creditworthiness was reasonable. The credit file didn't show that Mr B was in difficulty with any of his credit commitments. I would add, too, that the amount of credit being offered was a fairly modest amount. Therefore, I don't think NewDay's decision to issue Mr B with the credit card with a credit limit of £1,200 was an irresponsible one.

### ***First credit limit increase***

In May 2022, Mr B's credit limit was increased to £2,450.

In advance of that, NewDay carried out similar checks as described above. It was satisfied that Mr B had sufficient disposable income to cover the increased credit. NewDay also took account of the fact that Mr B's account had been well managed with no missed payments. The credit file similarly showed that there were no adverse credit entries.

In carrying out an affordability assessment and a credit check, I think NewDay carried out reasonable and proportionate checks prior to increasing Mr B's credit limit. Neither of these checks indicated that Mr B was in any financial distress or that he wouldn't be able to repay the additional credit being provided in a sustainable way.

Again, I don't think that NewDay's decision to increase Mr B's credit limit was an irresponsible one.

### ***Second credit limit increase***

In March 2023, Mr B's credit limit was increased to £3,550.

In advance of this increase, NewDay carried out a similar process as set out above. However, the credit file highlighted that Mr B had missed one payment on his NewDay credit card and there had been a more recent missed payment on a separate credit account. In these circumstances, I agree with our investigator that NewDay ought to have done more to have satisfied itself that the increase in credit limit would be affordable.

That doesn't automatically mean that NewDay acted irresponsibly. So, I've gone on to consider what reasonable and proportionate checks would have shown at the time, had they been carried out.

In order to assess this, I've reviewed the bank statements Mr B provided for the three month period leading up to the credit card limit increase. I've done this to better understand Mr B's income and his committed non-discretionary expenditure. That's not to say that I think NewDay needed to review his bank statements. Further checks could have been carried out in a variety of ways. Rather, this is an easy way for this service to piece together what further checks would have shown had they been carried out.

Having reviewed the current account statements, I still think the increased credit limit was affordable. I say this because when considering Mr B's income and non-discretionary committed expenditure, Mr B had ample disposable income to be able to afford the new credit limit. I make that finding in circumstances where Mr B was also spending considerable sums of money on discretionary purchases.

In summary, I think that NewDay should have done more to assess affordability on this credit limit increase. However, had it done so, such checks would have shown that the additional credit being made available to Mr B was likely to be affordable. Again, I don't think the decision to increase Mr B's credit limit was ultimately an irresponsible one.

In bringing his complaint to this service and having considered our investigator's view, Mr B has raised a number of issues.

Mr B remains dissatisfied that, even though NewDay ought to have done more checks for the second credit limit increase, there hasn't been a finding that it has acted irresponsibly. As I mention above, even though I think NewDay should have done more at the time of the second credit limit increase, additional checks would still have shown that the increased credit was affordable for Mr B. That is why I'm not requiring NewDay to do anything by way of redress.

Mr B has highlighted his vulnerabilities and that he was in receipt of Personal Independence Payment (PIP) and was deemed to have Limited Capability for Work Related Activity. Specifically, Mr B highlights that an element of his PIP award related to his requiring assistance with budgeting. I accept that the daily living component of PIP can indeed provide for this. However, I've seen no evidence that Mr B informed NewDay about either his vulnerabilities or that he had difficulty with making budgeting decisions. In these circumstances, I can't fairly find that NewDay has done anything wrong. Similarly, Mr B has also pointed out that he was using his overdraft regularly and this should have been something which NewDay investigated. However, I don't think NewDay were under an obligation to check his bank statements. Therefore, as before, unless Mr B told NewDay that he wasn't able to manage his overdraft or broader finances, I can't reasonably find that NewDay acted unfairly.

On a broader point, I think NewDay were entitled to have regard to his receipt of both Universal Credit and PIP in estimating his disposable income. I can also see that Mr B was also in receipt of other significant income which sat alongside his Universal Credit payments. Taken together, they demonstrated that he had regular significant monthly income notwithstanding any fluctuations. In relation to PIP specifically, I think it is reasonable for this to be taken into account because when estimating Mr B's income and expenditure, I've considered all of his non-discretionary committed expenditure appearing on his bank statements. Therefore, if I'm including all of the latter, it is only fair that I also include all of the income. Even if I excluded Mr B's PIP payments, it wouldn't have made a difference to

my central finding, namely, that he had sufficient disposable income to meet his additional credit commitments.

Mr B also considers that the decisions taken by NewDay were snapshots, rather than a longer-term analysis of his financial situation. I understand the point Mr B is making but the test I have to apply is whether the checks carried out by NewDay were reasonable and proportionate specifically at the time of the account opening or when a credit limit increase occurred. For the large part, I think the checks carried out by NewDay, as I've described above, were appropriate. For the second credit limit increase, I've concluded that this would still have been affordable for him having reviewed his bank statements for the three month period prior to the credit limit increase taking effect. I think this is a sufficient period to assess Mr B's financial situation. When taken together, I'm satisfied that Mr B would be able to repay the credit provided to him in a sustainable fashion.

Finally, I've also considered 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 NewDay lent irresponsibly to Mr B or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome.

Therefore, whilst I know this won't be the outcome Mr B is hoping for, I don't think NewDay acted unfairly or unreasonably when it provided him with the credit card and increased its limit. It follows that I'm not upholding his complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

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

John Butler  
**Ombudsman**