

## The complaint

Miss L complains that NewDay Ltd trading as Fluid acted irresponsibly by providing her with, and then increasing the credit limit on, a credit card account.

## What happened

In January 2021, NewDay approved Miss L's application for a credit card, giving her a limit of £1,200. They increased this limit several times as follows:

- £1,350 in June 2021
- £2,100 in September 2021
- £2,250 in April 2022
- £3,100 in March 2023
- £4,600 in July 2023
- £5,000 in April 2024
- £5,300 in November 2024

Miss L complained to NewDay that they provided her with a credit card she couldn't afford and increased the limit despite the fact she wasn't able to clear her balance in full.

NewDay responded to Miss L's complaint in August 2025 saying that they were satisfied she had been provided with the account responsibly. Miss L wasn't happy with NewDay's response, so she referred her complaint to the Financial Ombudsman. An investigator here assessed her complaint and, whilst he felt the account opening and the following six limit increases were fair, NewDay shouldn't have increased the limit again in November 2024.

Miss L didn't agree with the opinion of the investigator and said her expenditure was higher than what he'd calculated.

Because an agreement couldn't be reached, the complaint has been passed to me to decide. I issued a provisional decision, explaining that I wasn't intending to uphold the complaint. I explained why, as follows:

*The Financial Conduct Authority (FCA) sets out in a part of its handbook known as (CONC) what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.*

*Fundamentally, a firm must carry out checks which are proportionate to the individual circumstances of each case.*

*I've kept all of this in mind when thinking about whether NewDay did what was needed before lending to Miss L.*

*Did NewDay carry out proportionate checks and did they make fair lending decisions?*

### Account opening

*Before approving Miss L's credit card application, NewDay:*

- *Asked Miss L for her income*
- *Estimated Miss L's housing and living costs using statistical data*
- *Estimated Miss L's disposable income*
- *Checked Miss L's credit file.*

*I think the checks were proportionate in the circumstances. NewDay relied on the income Miss L provided in her application and, relied on statistical data to estimate her expenditure – which the regulations specifically allow them to do.*

*Miss L appeared to be managing her existing accounts well. There was a default reporting, but it had been recorded 19 months prior and so was not indicative of any recent financial difficulties.*

*At the time of the application, Miss L told NewDay her annual income was £40,000 (£2,237 net per month). Her non-discretionary spending including housing costs, existing financial commitments, and estimated living expenses were considered by NewDay and it calculated her disposable income was around £271.*

*In view of the credit limit provided initially, I'm satisfied the checks undertaken by NewDay were reasonable and proportionate, I say this because the CRA information did not show any recent adverse data, which would have prompted NewDay to look further into Miss L's circumstances. And the estimated disposable income meant Miss L could afford sustainable repayments towards this new credit facility.*

*So overall, I'm satisfied the decision to approve this credit card was not unfair to Miss L.*

### Credit limit increase ('CLI') one

*Before approving the limit increase to £1,350 in June 2021, NewDay:*

- *Obtained Miss L's income using Current Account Turnover ('CATO') data*
- *Obtained Miss L's housing and living costs using data from a Credit Reference Agency ('CRA')*
- *Estimated Miss L's disposable income*
- *Checked Miss L's credit file*
- *Reviewed Miss L's account usage*

*I think the checks were proportionate in the circumstances. NewDay obtained Miss L's income and expenditure details through the CRA. I'm satisfied this was a suitable method to estimate Miss L's disposable income and I haven't seen anything in the information NewDay obtained which ought to have prompted them to do further checks.*

*Miss L's monthly income was recorded as £1,361 and non-discretionary spending (housing, credit commitments, and living costs) was calculated at £970. This resulted in a monthly disposable income of around £391.*

*Miss L had around £8,453 external debt – which is fairly high compared to her income. However, she appeared to be managing these accounts well, with no missed payments, underpayments or arrears in the months leading up to the increase. There was also no new adverse information being reported. The NewDay account was being well maintained, with*

*no late payment or over limit charges, and Miss L was paying significantly more than the minimum payment required.*

*So, overall, I'm satisfied that the decision to increase Miss L's limit wasn't unfair.*

#### CLI two

*In September 2021, the credit limit on the account was increased to £2,100. The checks NewDay carried out were as described above. Miss L's monthly income was recorded as £1,252 and non-discretionary spending (housing, credit commitments, and living costs) was calculated at £967. This resulted in a monthly disposable income of around £285.*

*The CRA information continued to show no new adverse information and Miss L appeared to be managing her existing accounts well. The data suggests her external debt had reduced to around £1,509 however I suspect this might be an anomaly as her monthly debt commitments had remained roughly the same as in January 2021. There were still no missed payments, underpayments or arrears in the months leading up to the increase. Miss L had also continued to manage her NewDay account well and was consistently making more than the minimum payment required.*

*Overall, I'm satisfied that in the circumstances (no recent adverse CRA data, the NewDay account being maintained and no apparent affordability issues) the checks NewDay carried out were reasonable and proportionate and they were entitled to rely on them when making a lending decision.*

*As the information NewDay obtained suggested Miss L had enough disposable income to afford sustainable repayments towards the new limit, it means I'm satisfied this decision to increase her limit wasn't unfair.*

#### CLI three

*In April 2022, the credit limit on the account was increased again, this time to £2,250. NewDay followed the same process when considering the increase. Miss L's monthly income was recorded as £1,400 and non-discretionary spending (housing, credit commitments, and living costs) was calculated at £957. This resulted in a monthly disposable income of around £441.*

*The CRA information continued to show no new adverse information and Miss L appeared to be managing her existing accounts well. Miss L had around £7,061 external debt and there were still no missed payments, underpayments or arrears in the months leading up to the increase. Miss L had also continued to manage her NewDay account well and was consistently making more than the minimum payment required.*

*Once again, I'm satisfied that the checks NewDay carried out were reasonable and proportionate in the circumstances, and they were entitled to rely on them when making a lending decision.*

*As the information NewDay obtained suggested Miss L had enough disposable income to afford sustainable repayments towards the new limit, it means I'm satisfied this decision to increase her limit wasn't unfair.*

#### CLI four

*In March 2023, the credit limit on the account was increased to £3,100. NewDay followed the same process when considering the increase. Miss L's monthly income was recorded as*

£2,567, which I note is significantly higher than what was recorded in April 2022. Having said that, 11 months had passed and so I don't consider it unusual for Miss L's income to have increased in this way. Miss L's non-discretionary spending (housing, credit commitments, and living costs) was calculated at £1,182. This resulted in a monthly disposable income of around £1,386.

Miss L had around £5,529 external debt and there were still no missed payments, underpayments or arrears in the months leading up to the increase. The CRA information continued to show no new adverse information, and Miss L had also continued to manage her NewDay account well and to make more than the minimum payment required.

I'm satisfied on this occasion again that the checks NewDay carried out were reasonable and proportionate in the circumstances, and they were entitled to rely on them when making a lending decision.

As the information NewDay obtained suggested Miss L had enough disposable income to afford sustainable repayments towards the new limit, it means I'm satisfied this decision to increase her limit wasn't unfair.

#### CLI five

The credit limit on the account was increased to £4,600 in July 2023. NewDay followed the same process when considering the increase. Miss L's monthly income was recorded as £2,844 and her non-discretionary spending (housing, credit commitments, and living costs) was calculated at £1,307. This resulted in a monthly disposable income of around £1,537.

Miss L had around £6,580 external debt and there were still no missed payments, underpayments or arrears in the months leading up to the increase. The CRA information continued to show no new adverse information, and Miss L had also continued to manage her NewDay account well, making more than the minimum payment required.

I'm satisfied on this occasion again that the checks NewDay carried out were reasonable and proportionate in the circumstances, and they were entitled to rely on them when making a lending decision.

As the information NewDay obtained suggested Miss L had enough disposable income to afford sustainable repayments towards the new limit, it means I'm satisfied this decision to increase her limit wasn't unfair.

#### CLI six

The credit limit on the account was increased to £5,000 in April 2024. NewDay followed the same process when considering the increase. Miss L's monthly income was recorded as £3,020 and her non-discretionary spending (housing, credit commitments, and living costs) was calculated at £1,793. This resulted in a monthly disposable income of around £1,227.

Miss L had around £13,764 external debt – which I note it a steep increase from the £6,580 nine months prior. This appears to be due to an increase in Miss L's reliance on other credit cards, which I accept can sometimes be a sign a consumer is struggling financially and reliant on lending to get by. However, in Miss L's circumstances, I wouldn't consider this level of debt to be concerning in the context of her annual income and Miss L's increased monthly debt commitments still left her with a comfortable disposable income.

The credit checks showed there were no missed payments, underpayments or arrears in the months leading up to the increase and Miss L had continued to regularly make more than

*the minimum payment required. So, I'm not persuaded this increase in external debt alone ought to have suggested to NewDay Miss L was struggling financially.*

*So, I'm satisfied the checks NewDay carried out were reasonable and proportionate in the circumstances, and they were entitled to rely on them when making a lending decision.*

*As the information NewDay obtained suggested Miss L had enough disposable income to afford sustainable repayments towards the new limit, it means I'm satisfied this decision to increase her limit wasn't unfair.*

#### CLI seven

*The credit limit on the account was increased to £5,300 in November 2024. NewDay followed the same process when considering the increase. Miss L's monthly income was recorded as £3,131 and her non-discretionary spending (housing, credit commitments, and living costs) was calculated at £1,816. This resulted in a monthly disposable income of around £1,315.*

*Miss L's external debt was still high, at around £17,816, but her increased monthly debt commitments still left her with a healthy disposable income. So, again, I'm not persuaded this increase alone ought to have suggested to NewDay there was a problem. The credit check still showed no missed payments, underpayments or arrears in the months leading up to the increase. Miss L had continued to manage her NewDay account well, making more than the minimum payment required.*

*I'm satisfied the checks NewDay carried out were reasonable and proportionate in the circumstances, and they were entitled to rely on them when making a lending decision.*

*As the information NewDay obtained suggested Miss L had enough disposable income to afford sustainable repayments towards the new limit, it means I'm satisfied this decision to increase her limit wasn't unfair.*

*Overall, I'm not persuaded NewDay acted unfairly when they provided this credit card to Miss L, or when they increased her limit over the years.*

*I appreciate Miss L has disputed NewDay's estimated disposable income and said it was lower than they found. Having seen her bank statements, I can see her financial situation appeared to be worse than what NewDay estimated. However, I'm not persuaded their checks needed to go as far as reviewing her statements which means they wouldn't have known about this. The information they obtained supported the increases were affordable.*

*I also understand Miss L has complained she was in persistent debt as she couldn't clear her balance. She feels this supports her complaint that NewDay increased her limit irresponsibly. The FCA defines persistent debt as when a consumer has paid more in interest, fees and charges than they've repaid towards the capital they owe over the previous 18 months. Having reviewed the amounts Miss L paid as well as the interest and charges she incurred each month, I'm not persuaded she meets the above definition of persistent debt.*

*In reaching my conclusions, I've also considered whether the lending relationship between NewDay and Miss L might have been unfair to Miss L under Section 140A of the Consumer Credit Act 1974 ('Section 140A'). However, for the reasons I've explained, I've not been persuaded that NewDay irresponsibly lent to Miss L or otherwise treated her unfairly in relation to this matter. And 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.*

*Overall while I sympathise with any difficulties Miss L has had repaying her credit card, I'm currently minded to conclude that NewDay didn't treat her unfairly or unreasonably.*

Neither NewDay nor Miss L responded to my provisional 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.

As neither NewDay nor Miss L had anything to add following my provisional decision, I see no reason to depart from it. And so, it stands that I don't uphold Miss L's complaint against NewDay.

### **My final decision**

For the reasons I've outlined above, I'm not upholding Miss L's complaint about NewDay Ltd trading as Fluid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 8 April 2026.

Amelie Makris  
**Ombudsman**