

The complaint

Mr R complains that NewDay Ltd trading as Fluid (“NewDay”) lent to him irresponsibly in providing him with a credit card account that he couldn’t afford.

For clarity, I’ll only be considering the last credit limit increase as a colleague has already decided that we can’t consider the initial lending decision and first credit limit increase as these are time barred.

What happened

In August 2018, Mr R was approved for a credit card account by NewDay with a credit limit of £900. This limit increased to £1,650 in June 2019 and to £2,650 in January 2020, with no further increases. The outstanding debt was sold to a third-party debt collection agency in June 2021.

In October 2025, Mr R complained to NewDay that it had lent to him irresponsibly.

On 5 November 2025 NewDay issued Mr R with a final response letter (“FRL”). Under cover of this FRL NewDay said Mr R had raised his complaint outside of the time limits in which he was required to do so for the initial lending decision and first credit limit increase but upheld the complaint about the last credit limit increase which took place within the last six years.

Unhappy with NewDay’s FRL Mr R referred his complaint to our service for investigation in November 2025.

Mr R’s complaint was considered by one of our investigators who came to the view that his complaint about the initial lending decision and first credit limit increase is one that this service couldn’t consider under the rules we are required to apply. But they agreed with how NewDay had dealt with the last credit limit increase which was an aspect we could consider.

Mr R didn’t agree with the investigator’s view and felt that we should be able to consider all of his complaint and that NewDay should also write off the outstanding debt.

An ombudsman here decided that we couldn’t consider the initial lending and first credit limit increase.

As Mr R didn’t agree with how NewDay had agreed to resolve his complaint about the last credit limit increase, the case has been passed to me for further review and decision on the aspect we can consider.

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.

Having done so, I've come to the same conclusion as that of our investigator and for broadly the same reasons.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Having considered everything, I'm upholding Mr R's complaint. I'll explain my reasoning below.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr R's case.

For clarity, I agree with our investigator that NewDay shouldn't have increased the last credit limit and which NewDay have also acknowledged in its FRL. As NewDay have already upheld Mr R's complaint about the final credit limit increase made in January 2020 when it increased from £1,650 to £2,650, but Mr R considers it should also consider writing off the debt, I'll focus my decision on this aspect.

The principle aim of any award I recommend must be to return Mr R to the position he'd now be in but for the irresponsible lending by NewDay. But that's not entirely possible here as the lending can't be undone.

Because I don't think NewDay should have increased Mr R's last credit limit, I don't think it's fair for him to pay interest or charges on the amount borrowed. But he has had use of the money that was lent, so I think it's fair he repays the amount borrowed since the last credit limit increase (without the addition of interest or charges).

I appreciate that Mr R would like us to recommend that NewDay write off the outstanding debt. But I don't think that would be fair on NewDay given that Mr R has had the benefit of the further credit and this wouldn't be commensurate with our approach to irresponsible lending complaints. I appreciate that Mr R feels strongly as to why he thinks the debt should be written off and the difficult circumstances he now finds himself in. I do hope Mr R's financial situation improves but as explained, I won't be asking NewDay to write off the debt owed.

This means I don't think NewDay should have provided the last credit limit increase to Mr R.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mr R in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I consider NewDay treated Mr R unfairly, it needs to take steps to rectify matters from the last credit limit increase in January 2020.

To put things right, I believe NewDay should now take the following steps:

- Refund all interest, fees and charges applied since January 2020 on balances over £1,650;
- Adding simple interest at 8% per year from the date of each overpayment to the date of settlement.*
- Remove any adverse information recorded on Mr R's credit file relating to this increase, once any outstanding balance has been repaid.

*HM Revenue & Customs (HMRC) requires NewDay to deduct tax from any interest. It must provide Mr R with a certificate showing how much tax has been deducted if he asks for one. If NewDay intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

If NewDay no longer owns the debt, it should liaise with whoever does to ensure any payments Mr R has made since moving the account are factored into the calculation of the compensation that's due or the balance that remains outstanding.

My final decision

My final decision is that I'm upholding this complaint and NewDay Ltd trading as Fluid must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 April 2026.

Paul Hamber
Ombudsman