

## **The complaint**

Mr K complains that NewDay Limited provided him with two credit card accounts, and credit limit increases, irresponsibly.

## **What happened**

Mr K applied to NewDay for a credit card account in July 2024 and an account with a credit limit of £450 was provided to him. The credit limit on that account was increased to £1,200 in March 2025 and to £1,700 in July 2025. Mr K applied to NewDay for another credit card account in April 2025 and an account with a credit limit of £1,200 was provided to him. The credit limit on that account was increased to £1,700 in August 2025.

Mr K complained to NewDay about the accounts in October 2025, but it didn't uphold his complaint. It said that it was satisfied that the accounts were provided responsibly, its affordability assessments were appropriate and proportionate and that it wasn't made aware of Mr K's gambling at the time of lending, but it closed the accounts for future spending. Mr K wasn't satisfied with its response so referred his complaint to this service.

NewDay then offered to uphold Mr K's complaint from the credit limit increase in March 2025 and to refund all interest and fees applied to the account that was opened in July 2024 on all balances above £450 from the March 2025 credit limit increase and to refund all interest and fees applied to the account that was opened in April 2025.

Mr K didn't accept that offer, so his complaint was looked at by one of this service's investigators. Having considered everything, she thought that NewDay carried out proportionate checks before providing the credit to Mr K in July 2024 and that a credit limit of £450 was affordable for him. She said that NewDay had made an offer that resulted in fair compensation for the other credit that was provided to him.

Mr K says that he doesn't accept the investigator's recommendation and would like his complaint to be referred to an ombudsman. He says that he has a history of gambling addiction, which shows that the lending was unaffordable and irresponsible and NewDay was fully aware of his addiction issues.

## **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.

Mr K applied to NewDay for a credit card account in July 2024 and declared that he was employed with an annual income of £40,000. NewDay says that it verified his net monthly income as being about £2,693 using information provided by a credit reference agency. NewDay also made a search of Mr K's credit file and says that it assessed the affordability of the credit using a combination of its data, credit reference agency data and the information that Mr K had provided.

NewDay was required to make reasonable and proportionate checks to ensure that any credit to be provided to Mr K was sustainably affordable for him before opening the credit card accounts or increasing his credit limits. NewDay had verified the income that Mr K had declared, made a search of his credit file and completed an affordability assessment. I consider that those checks were reasonable and proportionate for the credit card account that Mr K had applied for in July 2024 and the credit limit of £450 that it provided to him. I don't consider that reasonable and proportionate would have required NewDay to have obtained a more detailed understanding of Mr K's financial situation at that time.

The reasonable and proportionate checks that NewDay had made showed that Mr K's monthly housing costs were about £500, he was paying about £195 each month for his existing credit commitments and his monthly living costs were about £510. Deducting those amounts from his monthly income of £2,693 would have left him with a disposable income of £1,488 and I consider that it was fair and reasonable for NewDay to have concluded that Mr K could sustainably afford a credit card account with a credit limit of £450 at that time.

I don't consider that the information that NewDay could see from its search of Mr K's credit file showed any recent adverse information and his debt-to-income ratio was 2.38%. Mr K's monthly payment of £195 for his existing credit commitments, from a monthly salary of £2,693, and the other information that it could see didn't show that he was suffering from financial distress and wouldn't have given NewDay reason not to have provided the credit card account to him.

Mr K says that NewDay was fully aware that he had a history of gambling, which shows that the lending was unaffordable and irresponsible, but NewDay says that it wasn't made aware of his gambling at the time of lending. Mr K has referred to an irresponsible lending complaint that he made in May 2019 about another credit card account in which he said he was suffering from a severe gambling addiction. That was nearly five years before he applied to NewDay for the credit card account in July 2024 and I'm not persuaded that NewDay was aware, or ought reasonably to have been aware, of his gambling when it provided the credit card account to him.

NewDay says that having reassessed its lending decision based on today's more sophisticated and robust assessments, the credit that it provided to Mr K in July 2024 would still be deemed affordable at the time of lending. I consider that NewDay made a fair lending decision when it provided Mr K with a credit card account with a credit limit of £450 in July 2024. I'm not persuaded that it would be fair or reasonable for me to require NewDay to take any action about that credit.

NewDay says that it has found that the credit limit increases on that account may not have been suitable for Mr K, so it has offered to refund interest and all fees (not already refunded) that it applied to the account from the March 2025 credit limit increase, but only on balances above £450. It also says that the credit card account that was opened in April 2025 may not have been suitable for Mr K, so it has offered to refund all interest and fees (not already refunded) that it has applied to that account.

I consider those offers to be fair and reasonable in the circumstances. The accounts have been closed for new spending, but Mr K says that NewDay should write-off the balances of those accounts. Mr K has received and used the credit that makes up those balances and I'm not persuaded that it would be fair or reasonable for me to require NewDay to write-off the account balances. I find that it would be fair and reasonable for NewDay to take the actions described below to put things right.

I've also considered whether NewDay acted unfairly or unreasonably in some other way, including whether its relationship with Mr K might have been unfair under section 140A of the

Consumer Credit Act 1974. As I consider that the offers that NewDay has made to Mr K are fair and reasonable, I don't consider that I need to make a finding on that. I consider that the actions that I've described below result in fair compensation for Mr K in the circumstances of this complaint and I'm not persuaded that it would be fair or reasonable for me to require NewDay to take any actions, other than as described below.

### **Putting things right**

I find that NewDay should rework the credit card account that was opened for Mr K in July 2024 to remove all interest and fees that it has applied to the account on balances over £450 after the credit limit was increased in March 2025. If the reworking results in a credit balance, it should refund the credit balance to Mr K and should pay interest on any credit balances that there would have been on the account at an annual rate of 8% simple. NewDay should also ensure that any adverse information about that credit card account relating to balances over £450 after the credit limit was increased in March 2025 that it's reported to the credit reference agencies is removed from Mr K's credit file.

If the reworking results in an outstanding balance owed by Mr K, it should agree an affordable repayment arrangement with Mr K for the outstanding amount and, when he's cleared that balance, it should also ensure that any adverse information about the credit card account relating to balances over £450 after the credit limit was increased in March 2025 that it's reported to the credit reference agencies is removed from Mr K's credit file.

I find that NewDay should also rework the credit card account that was opened for Mr K in April 2025 to remove all interest and fees that it has applied to the account. If the reworking results in a credit balance, it should refund the credit balance to Mr K and should pay interest on any credit balances that there would have been on the account at an annual rate of 8% simple. NewDay should also ensure that any adverse information about that credit card account that it's reported to the credit reference agencies is removed from Mr K's credit file.

If that reworking results in an outstanding balance owed by Mr K, it should agree an affordable repayment arrangement with Mr K for the outstanding amount and, when he's cleared that balance, it should also ensure that any adverse information about that credit card account that it's reported to the credit reference agencies is removed from Mr K's credit file.

HM Revenue & Customs requires NewDay to deduct tax from the interest payments referred to above. NewDay must give Mr K a certificate showing how much tax it's deducted if he asks it for one.

### **My final decision**

My decision is that I uphold Mr K's complaint and order NewDay Limited to take the actions described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 22 April 2026.

Jarrold Hastings  
**Ombudsman**