

## **complaint**

Mr B complains that NewDay Ltd (trading as Aqua and Marbles) was irresponsible to increase his credit limit and to provide him with a new credit card at a time when he was experiencing financial difficulties.

## **background**

Mr B had an Aqua credit card. He says that in 2016 NewDay twice increased his limit from £1,050 to £2,400. Then in early 2017 it agreed to provide a Marbles credit card with a credit limit of £900. Mr B says that this was at a time when his regular monthly living costs and financial commitments were roughly the same as his monthly income. He could only afford to make the repayments to these two credit cards by taking out loans from other lenders and this has contributed to spiralling debt. He asked NewDay for help but it hasn't provided any.

The adjudicator didn't think this complaint should be upheld. She felt that NewDay had carried out proper checks each time before it agreed to increase the Aqua card limit and when it assessed Mr B's application for a Marbles card. And when Mr B missed a repayment NewDay wasn't required to freeze interest or agree a repayment plan but it did refund some charges.

Mr B responded to say, in summary, that he told NewDay he was struggling financially and asked a number of times if it would freeze the interest and allow him to agree a repayment plan. He completed an income and expenditure review but NewDay didn't help him at all.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

### *credit limit increases*

Mr B applied for and was provided with an Aqua card in 2013 with a £250 credit limit and the Marbles card in 2017 with a £900 limit. NewDay says that in 2014 it sent letters to Mr B to say that it had reviewed his account and was increasing his limit, first to £400 and then £500. At the same time, it gave Mr B an option to 'opt out' if he didn't wish to accept the increased limit.

Although Mr B doesn't think that NewDay should have increased his credit limit for his Aqua account in 2016, I can see from its notes that it did so at Mr B's request. He contacted it in March and July 2015 when the limit was increased from £500 to £650 and then to £1,050. He asked again in March 2016, when an increase to £1,650 was agreed, and July 2016 when it went to £2,400.

NewDay has provided us with evidence that it carried out affordability checks before agreeing each increase. After careful consideration, I'm satisfied that NewDay didn't act wrongly in granting these increases. At the time, Mr B was generally meeting his monthly repayments and I have no reason to conclude that the bank did not follow its usual procedures in assessing his ability to repay before increasing his credit limit. I'm not persuaded that NewDay acted irresponsibly in increasing the limits or that it can be held responsible for how Mr B used the card.

Mr B applied for the Marble card in March 2017. Again, NewDay assessed his application and carried out a credit check before agreeing to provide the card. He told NewDay that he

was in full time employment and it has recorded his annual income as £58,000. He also said he received other household income and had unsecured debt of almost £14,000. I have seen the information from the credit check that NewDay did at the time, and I'm satisfied that it didn't show anything that should have given NewDay any cause for concern. NewDay say that Mr B met its lending criteria so he was eligible for a Marble card. I consider Mr B has had the benefit of the money he borrowed using the card.

#### *financial difficulties*

Mr B says that in 2017 he called NewDay a number of times to tell it that he was experiencing financial difficulties. He said that he told it he had a significant amount of debt and couldn't afford to make the repayments without borrowing more. He asked it to freeze interest and agree a repayment plan but it wasn't helpful.

I can see that Mr B asked NewDay in September 2017 if he could increase his card limit again but it didn't agree. Then a few weeks later he told it that he was experiencing financial difficulties. His call was passed to its collections department at that time. A couple of days later, he wrote to NewDay and again told it that his financial problems were spiralling and were becoming difficult to manage.

Banks and lenders are required to deal with customers in financial difficulty positively and sympathetically, but this does not necessarily mean that a bank must refund charges applied, freeze interest or agree a repayment plan. They are entitled to make enquiries and carry out their own investigations to verify the situation.

Mr B says that NewDay took him through his monthly income and expenditure and told him that it thought the card repayments were affordable. I'm satisfied that it asked him about his normal monthly income and regular living expenses and also about any other debts he had. Based on the information that Mr B gave to it, NewDay assessed that he had disposable income of more than £2,000 per month, which was enough to meet his contractual minimum monthly repayment. So it didn't agree to set up a plan.

I note NewDay did offer to refund some charges if Mr B made a repayment within a few days. But he didn't do this.

Overall, I am not persuaded NewDay has failed to act fairly, positively and sympathetically to Mr B's financial difficulties. While he may disagree with the bank's reasoning and decisions not to agree a repayment plan these are matters for NewDay's own commercial judgement. Mr B has had the benefit of the money and it isn't unreasonable for NewDay to seek repayment of the money that was borrowed though in doing so I would remind it of its on going duty to act positively and sympathetically if Mr B continues to be experiencing financial difficulty.

#### **my final decision**

My final decision is 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 4 January 2019.

Karen Wharton  
**ombudsman**