

complaint

Mr H complains that NewDay Ltd (trading as Aqua) lent to him irresponsibly when it increased his credit limit despite his difficult financial situation. As a result, he says he's now in financial difficulties.

background

Mr H took out a credit card with Aqua in 2014 with a credit limit of £300. Since opening the account, he's received five offers to increase the credit limit in August and December 2014 and in January, June and October 2016. Following a risk review, Mr H's interest rate was increased in May 2015 because Aqua thought he was a higher credit risk at that time.

Mr H complained to Aqua when he found himself in financial difficulties. He said it shouldn't have continued to increase his credit limit when he was struggling to keep up financially. He said if it had checked his credit file after he took out the credit card, it would've seen he'd had a number of pay-day loans and was finding it hard to manage his debt. Aqua rejected his complaint so he came to this service. But our investigator didn't think the complaint should succeed so Mr H asked for review by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm very sorry to hear about Mr H's financial difficulties and I sympathise with his situation. But I don't think Aqua did anything wrong when it increased his credit limit and I'll explain why.

Mr H was originally given the card with a credit limit of only £300. Aqua offered to increase the limit over time when it saw Mr H was managing to keep on top of payments. Although he says he was often close to his limit and occasionally over it, overall it seems Mr H was managing to pay off his debt with Aqua and his other debts regularly. I understand Mr H did have other borrowing and a series of pay-day loans, but, from the evidence I've seen, it appeared he was paying off his debts and I don't think it was unreasonable to offer him a credit increase in those circumstances. The offers to increase the credit limit had a 40 day cooling off period. If Mr H felt he couldn't cope with more credit, he could've cancelled any of the increases but he didn't.

I understand Mr H's concern that Aqua increased his interest rate because it thought he was a higher risk, but continued to give him more lending. But the risk review was in mid-2015, and I can see that Aqua didn't offer him any credit limit increases at all in 2015. So I think it did take into account his situation then and didn't offer increase his borrowing at that time.

I know this will be a disappointment for Mr H. My decision is only related to the increases in credit limits on his Aqua card – I understand he has complained about other issues but they'll be dealt with separately.

my final decision

For the reasons given above, it's my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 August 2017.

Susie Alegre
ombudsman