

## **complaint**

Mr N complains that NewDay Ltd lent him money through his credit card account that he couldn't afford to pay back.

## **background**

Mr N said that he opened a card account with NewDay, but he already had a considerable amount of debt when he applied. Then NewDay increased his credit limit. He thought that it was irresponsible for NewDay to lend him money, and he wanted it to pay him back the interest it had charged on his card.

NewDay said that it did a credit check on Mr N when he took out the card. It said that it checks for over indebtedness, the extent of his existing credit, whether he had any existing arrears, any County Court Judgments ("CCJs") and defaults. It said that it didn't find any reason not to lend to him. It had then offered him a small raise in his credit limit. But it didn't think he was struggling to manage his repayments. It has written to Mr N recently to recommend he increases his monthly payments to reduce the amount of interest he's charged.

Our adjudicator didn't uphold this complaint. She said that NewDay had set Mr N's initial credit limit at £900 when it opened his account in December 2015. NewDay had sent us evidence of the credit scoring it completed when Mr N opened his account, and our adjudicator said that Mr N had no defaults or CCJs. Our adjudicator didn't think that the amount NewDay lent Mr N was irresponsible, based on his declared personal and household income.

Then NewDay increased the credit limit on Mr N's account to £1,150 in July 2016. Our adjudicator said that was a relatively small increase, which wouldn't significantly change his monthly minimum payment. And before NewDay offered Mr N the increase, it did another credit check on Mr N. Our adjudicator said that at the time he had no defaults, no CCJs and he hadn't taken out any payday loans within the previous six months. He did have a relatively high level of existing borrowing, at £10,000, but the card that Mr N took is normally offered to people who wouldn't usually get credit. And he was managing the account. So our adjudicator didn't think NewDay had done anything wrong.

Mr N didn't agree with that. He wanted his complaint to be considered by an ombudsman, so it was passed to me for a final decision.

## **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've reached the same overall conclusion as our adjudicator on this complaint, and for broadly the same reasons.

Mr N said that NewDay should never have lent him money, because of the amount of money he already owed elsewhere. I appreciate that when Mr N took out this card, he had a relatively high level of personal debt. But he didn't seem to be struggling with his existing debts at that time. And I haven't seen any other issues that I think should've made NewDay think that it would be irresponsible to lend to Mr N. So I don't think that I can say that the level of Mr N's existing debt meant that it was irresponsible for NewDay to offer him a card in December 2015 with a credit limit of £900.

Once the card account was opened, it looks to me as if Mr N continued to manage his card account reasonably well. I can see that he did make some late payments, but he only seems to have paid late a very few times. Importantly, I can't see any history of late payments or any other difficulties with the card before NewDay offered to make a small increase to Mr N's credit limit. And I can see that NewDay did another credit check before it offered him that increase. That check doesn't seem to have revealed any other issues that I think should've suggested that NewDay shouldn't offer him that increase. So I don't think that it was irresponsible of NewDay to offer him that small increase to his credit limit.

I know Mr N will be disappointed, but I don't think his complaint should be upheld.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 23 April 2018.

Esther Absalom-Gough  
**ombudsman**