

## **complaint**

Mr R complains that NewDay Ltd acted irresponsibly when they approved his application for a second credit card account. To put things right he wants them to refund him the interest and charges that were applied to the account when he later missed some payments.

## **background**

In August 2017 Mr R applied for a new credit card account with NewDay. He already had a credit card at the time, which was also provided by NewDay under a different brand.

Mr R now feels that NewDay shouldn't have accepted this new application. He says that he hadn't managed his first credit card account responsibly, and had consistently gone over his credit limit. So he thinks it was irresponsible of NewDay to provide him with further credit by giving him a second credit card. He feels they should have carried out further checks when he applied for it. And that if they had done so they would have seen he had a lot of debt and was spending his disposable income on gambling. He says this is evidence that it was not affordable for him to be provided with further credit.

NewDay said that they considered the information Mr R provided to them, as well as information held by credit reference agencies, and were satisfied he met their lending criteria. So they don't feel that they did anything wrong.

Mr R was unhappy with this response, so he brought his complaint to our service. Our adjudicator sympathised with his situation, but didn't think that NewDay had acted irresponsibly.

Mr R disagrees, so the case has been passed to me to review.

## **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 know Mr R will be disappointed, but I don't think it would be fair to ask NewDay to refund him any interest or charges. I'll explain why.

In reaching my decision I've looked at the checks NewDay made before they gave Mr R the second credit card. There's no set list of checks they had to carry out – but the checks they did make should have been reasonable and proportionate to, amongst other things; the amount of credit they were willing to offer, Mr R's lending history, and the information they already knew about him. I've thought about whether this was the case, and I've considered if I think it was reasonable for NewDay to approve his application.

NewDay told us that they considered the information Mr R provided to them, alongside data held by credit reference agencies. They've also explained that the credit card Mr R applied for is designed to help customers improve their credit rating, and that their appetite for lending extends to customers who may have a poor credit history.

Mr R says that he exceeded the credit limit on his existing credit card account in six of the seven months prior to August 2017 when he applied for the new card. NewDay haven't disputed this, but they say he was making regular payments and bringing the balance back within the limit each month – and the information in the credit report Mr R has given us supports this. So whilst I agree Mr R was managing this existing account poorly, I don't think it would have been clear to NewDay that this was because he was struggling financially. It could've been that Mr R was managing his account like this for other reasons, but without him telling NewDay this was because of financial difficulties I don't think it would've been fair for them to assume this.

His existing account balance was within its limit when he made the new credit card application. And there were no late payment markers on the account at this time. I also can't see any evidence that Mr R was struggling to make payments to other creditors, and there were no defaults recorded on his credit file. So I don't think it's unreasonable that NewDay accepted his application with a relatively low credit limit of £450.

NewDay have agreed that Mr R did have a high level of debt when he made his application. But as he had told them he had an income in excess of £85,000 a year they felt that this was manageable. Given this fact, and that there was no indication Mr R was struggling to pay his existing creditors, I think this was a fair conclusion for them to reach.

Mr R has explained that he was struggling with a gambling addiction, and that all of his disposable income was being spent on gambling. I sympathise with his situation and I understand this would have been a very difficult time for him. But NewDay would not have seen how he was spending his money based on the information he gave them, or his credit report. And even if Mr R used his previous card to fund gambling – this is a legitimate way of customers spending money. I wouldn't have expected NewDay to assume that he had a gambling addiction just because he was using his card for this purpose.

I appreciate Mr R feels that NewDay should have carried out further checks, and thinks that if they'd done so they would have discovered this. But I'm satisfied that the checks they did make were sufficient in the circumstances and proportionate to the amount of new credit they gave him. Mr R has confirmed he did not notify NewDay of his gambling addiction. So I can't reasonably expect them to have been aware of it, or to have taken it into account when assessing his application.

Whilst I appreciate he will be disappointed with my decision, I don't think it was unreasonable for NewDay to approve Mr R's application for a second credit card.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 April 2019.

Jenette Lynch  
**ombudsman**