

complaint

Mr R complains that NewDay Ltd (the business) provided him with a card account after he had partially settled a previous account. He says that the new account was provided irresponsibly.

background

Mr R says that he had an account with the business which he partially settled and while a default was registered this was later removed. He says that after this the business provided him with another account. He says this was irresponsible lending.

The business says that Mr R had a previous account with it which was partially settled and a default was recorded. However, following a discussion with Mr R, it agreed to remove the default if the remaining balance was paid. It says that Mr R then applied for a new account in July 2016. It says that his application was approved based on the information he provided at the point of application, a check of the information with the credit reference agencies, and its internal risk strategies. It says as the previous default was removed this did not show and instead the account showed as settled and closed.

The business did not accept that it had done anything wrong and said it provided Mr R with the account in good faith based on its checks. It confirmed the account was closed in July 2017.

Our investigator did not uphold this complaint. He said that when Mr R applied for the account he said he was in full time employment and living with his parents. He said that a credit check was carried out and this didn't raise any concerns. Based on this he did not find that the business was irresponsible in accepting Mr R's application.

Mr R did not accept our investigator's view. He said that the business was aware of his health and financial issues when it accepted his application.

my findings

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

Mr R applied for an account with the business in July 2016. The business carried out checks before providing the account to Mr R.

I have looked through the information that Mr R provided on his application and this shows he is in full time employment and living with his parents. It also records his annual salary. It is reasonable that the business relied on this information.

A credit check was also carried out and this shows that Mr R had no defaults and based on the information I have seen I do not find that the results of the credit check would have raised concerns. The business has said that Mr R did not tell it at this time about any financial hardship he was experiencing.

I understand that Mr R feels the account should not have been provided because of the issues he experienced when he had a previous account. While I acknowledge that the business did have experience of Mr R having issues with a previous account, I think the checks it carried out before the new account was provided were reasonable. I do not find that the information received from the checks should have raised concerns that meant the business should not have provided the account. I also note that the business has said that no payments were missed on Mr R's account.

Overall, while I understand why Mr R feels he should not have been provided with the account, based on the information I have seen I do not find that I have enough evidence to uphold this complaint. Because of this I do not require the business to do anything further to settle this complaint.

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 22 February 2018.

Jane Archer
ombudsman