

complaint

Mr K complains that NewDay Ltd was irresponsible in letting him have a credit card.

background

Mr K applied for a credit card in October 2013 and it was granted with a £250 limit. His application form showed he was employed earning £21,800 and he had other income of £1,080 and unsecured debts elsewhere of £5,600. NewDay carried out a credit check and this showed he had one defaulted account and seven open accounts and six pay-day loan accounts. There also appeared to be an arrangement to pay in place with one of his lenders.

In 2018 Mr K complained to NewDay and it rejected the complaint. It said the card account was aimed at those with poor or absent credit history. It had carried out appropriate checks and Mr K had met its criteria. He then brought his complaint to this service where it was considered by one of our investigators who didn't recommend it be upheld.

He noted the credit check showed Mr K had faced some financial difficulty in recent times. But, he didn't think there was enough in his recent history for NewDay to think this account was going to cause him problems. The investigator noted Mr K had a default on his record which was recorded nearly four years before this application. The report also showed he had no issues with the accounts he had open at this time. Importantly, it also didn't show he had CCJs, bankruptcies or IVAs which would clearly indicate lending to him would be inappropriate.

On top of this the credit level was low and had not been increased since. Overall the investigator thought it was reasonable for NewDay to have approved his application. In doing so he took note of the fact Mr K had subsequently suffered financial problems. Mr K didn't agree and asked for his case to be reviewed by an ombudsman. He also asked that his credit file be amended.

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 appreciate Mr K has faced some challenging times with his finances, but I gather he has now addressed these with the help of a debt management charity. I trust this is now enabling him to get on top of his financial worries.

However, I have to consider the actions of NewDay in 2013 when Mr K made the application. As the investigator has pointed out there was evidence of some financial problems, but the question is whether these were sufficient to deny Mr K what he was seeking, access to a credit card. It would be wrong for those with a poor credit history to be denied access to all opportunities to credit. As NewDay has pointed out its credit card is aimed at those who need some credit and a chance to build up a satisfactory credit history. I am also mindful that the credit limit was set fairly low and has never been increased.

I appreciate his credit history was less than perfect, but his income and known loans showed that granting him a credit card with a small limit was not unreasonable. How he used the card was up to him and he could keep his monthly payments relatively low. While I have

every sympathy with Mr K I cannot safely conclude that NewDay did anything wrong and as such I cannot ask it to repay him interest etc. or to amend his credit file.

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 K to accept or reject my decision before 10 February 2019.

Ivor Graham
ombudsman