

complaint

Mrs A complains that NewDay Ltd (trading as Aqua) irresponsibly lent her money and gave her credit.

background

Mrs A says NewDay shouldn't have allowed her to open a credit card account. If it'd checked her credit record it would've seen she already had other borrowings, an overdraft and she used short term lenders. Its lending wasn't affordable. It also shouldn't have increased her credit limit every few months. She says she was struggling financially and NewDay made her financial position worse. She wants a refund of charges and interest and her credit file amended.

NewDay said in its final response that its accounts are designed to assist customers in building or improving a credit profile. It doesn't carry out an income search to determine if a customer can afford the card repayments. Its affordability check is based on the income information given in the application. Its process is to offer credit limit increases at regular intervals if the account is well maintained. The customer can contact it if the proposed increases aren't wanted. But Mrs A didn't do so. It hasn't made an error and no refunds can be made.

Our investigator felt this complaint shouldn't be upheld. He said:

- When Mrs A first applied for the credit card NewDay conducted proportional affordability and credit searches. It's also a second chance lender and allows for some negative information on credit report as it's designed to help customers with a lower credit rating. When the card was applied for there was a minimal amount of negative information on Mrs A's credit file.
- Mrs A's credit file at the times when credit limit increases were offered, shows NewDay carried out sufficient credit scoring for the increases offered to February 2015. Its checks were proportionate and Mrs A was within her credit limit and hadn't missed any payments. The letters it sent to her also gave her the option of declining the credit limit increases. But she didn't do so. It also wasn't aware of the repayment plans she'd entered into and didn't receive some information from the credit reference agency.

Mrs A doesn't agree and has asked for an ombudsman review. She says NewDay didn't ask her for any more information about her financial position before increasing her credit limit. It didn't ask if she was in financial difficulties. She couldn't refuse the credit limit increases due to her situation. NewDay should've checked her financial position. Other lenders did and didn't increase their credit limits.

my findings

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

It's up to NewDay to decide who it deals with and gives credit to. That's a matter of it making a commercial decision which we wouldn't normally interfere with. But we'd expect it to carry out proportionate checks before doing so.

Here NewDay says it considered what Mrs A had said in her application together with information from credit reference agencies. I think this was proportionate and appropriate.

What was asked after that and the lending criteria used to assess Mrs A's credit limit from time to time are matters for NewDay to decide upon. But it appears to have considered the conduct of her account and relied on information it was given by credit reference agencies.

It may well be that this information was limited and not totally comprehensive. And Mrs A hadn't told it of her financial difficulties or of any repayment plans she'd entered into. But it was reasonable for NewDay to rely on the information it had available from time to time. And I don't think it acted wrongly by offering Mrs A increases in her credit limit as it did.

Furthermore it also made clear that Mrs A could decline the credit limits offered. I understand Mrs A says she wasn't in a position to decline the increases but she could've nevertheless contacted NewDay to tell it of her financial difficulties and any repayment plans she had entered into. Had she done I agree with the investigator that it appears likely NewDay wouldn't have offered the last few credit limit increases. But as Mrs A didn't contact NewDay or tell it of her financial situation I don't think it was wrong of it to allow them to take effect. In addition Mrs A wasn't obliged to use her card up to the new credit limits if she thought she couldn't later afford to pay the money back.

Taking everything into account, although I sympathise with the position Mrs A has found herself in, I don't think NewDay's done anything wrong. And I don't think I can fairly or reasonably ask it to refund anything to Mrs A or amend her credit file, as she'd like.

Overall I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 3 August 2019.

Stephen Cooper
ombudsman