

## **The complaint**

Mrs H complains NewDay Ltd trading as John Lewis Credit Card gave her a low credit limit.

## **What happened**

Mrs H held a John Lewis credit card with another provider, NewDay then took over the brand. Mrs H applied for a credit card with NewDay and was given a £1,000 credit limit. This limit was significantly lower than the £20,000 limit she'd held with the other provider.

Mrs H applied to increase the limit and was declined. Mrs H complained to NewDay.

NewDay responded to say it had considered relevant factors and given an appropriate credit limit. NewDay said the credit limit was based on affordability, current financial climate, risk and information from Mrs H's credit file. NewDay wouldn't increase the credit limit.

Mrs H brought her complaint to this service. An investigator looked into things but didn't receive further information from NewDay. Without this information, the investigator couldn't say NewDay had treated Mrs H fairly, so they thought the complaint should be upheld.

The investigator thought NewDay should match Mrs H's previous credit limit.

Mrs H felt vindicated by this assessment, but NewDay didn't respond. The complaint was passed to me to decide things.

## **My provisional decision**

I issued a provisional decision, and in it I said:

I gave NewDay one last chance to provide information and it did. NewDay said the reason for giving Mrs H the limit it did was because her credit file had little lending on it. Mrs H sent in a copy of her credit file.

I've looked at Mrs H's credit file, and there isn't much active lending on it at the point Mrs H applied to NewDay. From what I can see, Mrs H was only using her previous John Lewis credit card and a small regular payment to a mobile phone provider.

I'm not assessing Mrs H's credit worthiness or deciding what limit NewDay has to grant her.

I have to decide whether I think NewDay fairly assessed Mrs H's application for new credit.

NewDay, in its final response and initial submissions, said it assessed Mrs H's application in line with her credit file, amongst other considerations. Once NewDay responded to the investigator's assessment it said the same thing but was more specific.

I think NewDay based its lending decision on Mrs H's credit file. And I think it saw what it said, there wasn't a lot of lending on the credit file although what was there was being used

and paid back on time.

I think NewDay's made its lending decision based on fact, and based on Mrs H's credit file. Ultimately, it's then up to NewDay to decide what limit and terms Mrs H is given, having assessed her credit file and taking into account the other considerations it's said it did.

I realise Mrs H had a significant credit limit before and wanted NewDay to match this. But NewDay is a new lender and didn't say it would match Mrs H's previous credit limit.

NewDay's said Mrs H can apply for further borrowing at any time, and this will be assessed in the same way as the initial application, but it'll also consider how Mrs H is using and repaying the limit she has now.

I think this is fair, and I also think NewDay fairly assessed Mrs H's credit limit at the point of application. Because of this, I can't compel NewDay to increase Mrs H's credit limit.

### **Responses to my provisional decision**

NewDay didn't respond to my provisional decision, and didn't need to.

Mrs H responded to say she agreed with the investigator and their initial assessment.

Mrs H also said she felt it was unjust of NewDay not to lend her the money just because she was sensible with her borrowing, and should load up on debt to get a higher limit.

Mrs H felt the credit report should encourage NewDay to lend the same as before and not reduce her limit.

### **What I've decided – and why**

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

I'm not suggesting Mrs H should borrow recklessly and she'll be granted a higher limit. I think the opposite is more likely to happen, reckless borrowing is likely to lead to no lenders offering credit.

I think it's reasonable for NewDay to look at Mrs H's credit file to see how she's handling credit, and I think there's limited evidence of Mrs H borrowing on credit and repaying it.

But, as I said in my provisional decision, it's not my role to determine exactly how much NewDay should lend Mrs H. My role is to consider whether NewDay acted fairly when it decided Mrs H's credit limit.

NewDay doesn't appear to have based its decision on incorrect information. NewDay says it took its decision because there was a lack of credit being used by Mrs H.

I think this is true, and because of this I think NewDay acted fairly and reasonably when deciding Mrs H's credit limit.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 10 April 2024.

Chris Russ  
**Ombudsman**