

The complaint

Mr P is unhappy that NewDay Ltd (“NewDay”) won’t increase his credit limit.

What happened

Mr P has a credit card with NewDay; his credit limit is £300 and NewDay have refused to increase it.

Mr P is frustrated and concerned about that decision. He’s explained that his credit file is good, he has a significant amount of cash in savings, his assets are substantial, and he has other credit cards with significantly higher limits. He says that NewDay have failed to give a credible reason why they would not increase the amount of credit being lent and he’s concerned there may have been fraud related to his account which is preventing NewDay advancing further credit. He’s explained that he’s worked in credit scoring, knows exactly how it works and can’t think of a reason why he’d be declined credit.

Our investigator didn’t think Mr P’s complaint should be upheld, but as Mr P disagreed it has been passed to me, an ombudsman, for a decision.

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 understand Mr P’s frustration here, he wants a more detailed answer from NewDay, but I can’t say they’ve been unreasonable in their response.

The Standards of Lending Practice set out by the Lending Standards Board (LSB) say that a firm should explain the *main* reason for refusing to lend. I think NewDay did that. They explained to Mr P that they create their own credit score using information provided by the Credit Reference Agencies and that the score they derived for Mr P was too low for them to approve the credit. They went on to explain that the information they considered when compiling that score didn’t have to be adverse.

NewDay have provided a copy of their system log that shows their decision was based on NewDay’s risk score being too low. So, I think there’s evidence they followed their decision process and that the main reason they gave Mr P for declining his application was the reason they applied for the decline. It’s for NewDay to decide their appetite for risk and the parameters they will use to assess that risk. I’ve not seen evidence those parameters were unreasonable, for example, that they discriminated against Mr P.

Ultimately, I am not persuaded that NewDay have been unreasonable here and I’m not asking them to take any further action.

My final decision

For the reasons I’ve given above, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 26 July 2024.

Phillip McMahon
Ombudsman