

## The complaint

Mr B says Madison CF UK Limited (trading as 118 118 Money) lent to him irresponsibly.

## What happened

Mr B took out a 24-month loan for £1000 in June 2017. The monthly repayment was £98.71 and the total repayable was £2369.04.

Mr B says 118 118 Money took advantage of his desperate position and lent to him without doing proper checks.

He also took out a second loan with 118 118 Money in February 2018 but the lender upheld his complaint about the second loan, so this decision looks only at the first loan.

Our investigator upheld the complaint saying the checks were not proportionate, and as the lender had reason to believe the income and expenditure Mr B declared were inaccurate it should have declined the application.

118 118 Money disagreed saying the checks it completed showed the loan to be affordable for Mr B.

As agreement wasn't reached the complaint was passed to me. I came to a different conclusion to the investigator. So I issued a provisional decision (an extract follows and forms part of this final decision) and asked both parties for any further comments.

### *Extract from my provisional decision*

*I can see 118 118 Money asked for some information from Mr B before it approved the loan. It asked for details of his monthly income, living expenses, any card or loan payments and his employment and residential status. It checked his income using a third-party verification service. It asked about the purpose of the loan, which was debt consolidation. It also checked Mr B's credit file to understand his existing credit commitments.*

*I think these checks were proportionate in the circumstances – the loan repayments were relatively low as a percentage of Mr B's income and I don't think the results of his credit checks showed current financial stress that suggested further checks were needed. So I have gone on to look at whether 118 118 Money made a fair lending decision based on the information it gathered.*

*Mr B declared income of £1200 and total expenses of £506. 118 118 Money says it revised these figures based on its checks to be £1043.48 and £689.87. So it concluded Mr B had disposable income of £353.61 and could afford to repay the loan.*

*Mr B has said he was really struggling with money at the time, but I don't think the credit check the lender carried out evidenced this. I can see he had defaulted on accounts historically, but these were largely around five years ago and were settled. Mr B had 4 active accounts at the time of his application which were up-to-date except for one late payment of*

*£51– and the lender took this into account in its affordability assessment. Mr B was not using his overdraft facility at the time of his application. His overall debt level was just over £5000 and there was not a concerning level of recent adverse information.*

*So overall I don't think 118 118 Money was wrong to lend to Mr B at this time. I accept the credit check may not have shown all the information the Mr B might have seen on his full credit file – there can be timing discrepancies and not all lenders report to all credit reference agencies. But I can only fairly expect the lender to respond to the information in the credit check it completed.*

*It follows I think 118 118 Money made a fair lending decision. And I have found no evidence that it acted unfairly or unreasonably in some other way.*

Both parties responded to my provisional decision before the deadline of 15 August 2021.

### **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.

Our approach to unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

In response to my provisional decision 118 118 Money said it had nothing to add.

Mr B said he'd had other complaints about short-term loans upheld due to his difficult financial circumstances and gambling addiction. So he would've expected 118 118 Money to have checks in place to prevent it lending to people struggling with addiction. He provided bank statements from the time of his loan application.

I can only comment here on the merits of this complaint – the outcome of irresponsible lending complaints can vary for a number of reasons. As I set out in the provisional decision the regulations do not specify the exact checks a lender must carry out. They will vary based on a number of factors including – but not limited to – the particular circumstances of the consumer and the amount, type and cost of credit they have applied for.

I remain satisfied that in the individual circumstances of this case the lender's checks were proportionate. It was early in the borrowing relationship, the lending wasn't secured against an asset and the monthly repayments were relatively low as a percentage of Mr B's income. And for the reasons set out in the provisional decision I don't think the checks showed Mr B to be having problems managing his money.

Mr B has since evidenced that he was gambling frequently at the time he applied. But given the nature of the loan he was applying for and the fact it was his first loan with 118 118 Money, I can't fairly conclude it would have been reasonable or proportionate for the lender to have carried out the level of checks needed for it to have become aware of this. I am sorry Mr B has suffered in this way and hope he has received the assistance he needs – if not GamCare provides support and free counselling for the prevention and treatment of problem gambling, its freephone helpline is 0808 8020 133.

Overall, it follows I am not changing the findings or outcome set out in my provisional decision.

### **My final decision**

I am not upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 September 2021.

Rebecca Connelley  
**Ombudsman**