

The complaint

Mr F has complained that Madison CF UK Limited (trading as 118 118 Money) acted irresponsibly when it agreed to give him a loan in 2018.

Background

Mr F applied for a loan with 118 118 Money in October 2018. The loan was for a total of £1,000 to be repaid over 18 months at a monthly repayment of just under £91.

Mr F has said that at the time he borrowed the money he was gambling heavily and couldn't afford to take out any more credit. He has said he had multiple payday loans in his name at this time and was relying on family and friends to pay his essential bills. Mr F has said that he understated his outgoings on his loan application and that if 118 118 Money had run sufficient checks it would've realised the loan wasn't affordable.

118 118 Money has said it did run sufficient checks at this time and is satisfied the loan was affordable for Mr F. It said that it amended the declared monthly income amount to represent Mr F's actual monthly earnings and when it reviewed his credit file it saw a small number of open accounts, all of which were being properly maintained. Therefore, it doesn't agree it acted irresponsibly when it provided Mr F with the loan in 2018.

Mr F disagreed with 118 118 Money's findings and brought his complaint to our service. One of our investigators looked into his complaint already. She said that 118 118 Money had run the necessary checks and that based on the information available at the time the decision was made, it seemed as though the loan was affordable, and Mr F wouldn't have any problems repaying. For those reasons she didn't uphold Mr F's complaint.

Mr F remained unhappy and asked for an ombudsman to review the complaint afresh and so it has been passed to me for consideration.

My findings

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

Having done so I'm of the same opinion as our investigator and won't be upholding Mr F's complaint. I know this will come as a disappointment, so I've set out my reasons below.

Mr F has said that at the same time he applied for the loan he had multiple payday loans which should've alerted 118 118 Money that he was struggling to manage his finances. However, 118 118 Money has provided us with a copy of Mr F's credit file at the time of application. That shows that he only had one open credit card, which was below its limit and was being properly managed with no logged arrears. In addition to this while there was an overdraft facility registered on Mr F's bank account at the time of application, he wasn't using it. There was also a telecommunications account, likely for a mobile phone, which was also up to date and being properly maintained. There was no evidence of any payday so I can't say there was anything on Mr F's credit file when he applied for the loan that would've made

118 118 Money think he might struggle to manage it or that he was already overly committed financially.

In addition to checking the information on his credit file 118 118 Money also asked Mr F to fill out an income and expenditure form. When this was checked 118 118 Money amended Mr F's declared income as it had been overestimated. Once this adjustment was made it deducted all of Mr F's declared outgoings against his income and found that he had approximately £590 of disposable income per month. As the monthly repayment for the loan was less than £91, 118 118 Money decided the loan was affordable for Mr F as he would be left with approximately £500 of disposable income once it was repaid each month.

Mr F has said he understated his outgoings in order to get the loan approved and that if 118 118 Money had asked to see his bank statements at the time it would've refused to give him the loan. While I accept Mr F's testimony that he was gambling at the time of the lending he's not provided us with any statements, so I've been unable to calculate how heavily his gambling was impacting him at the time. However, I am mindful that 118 118 Money had no legal obligation to request the statements from Mr F. It had checked his credit file, which showed no evidence that he was struggling to manage his finances and it had asked him to fill out the income and expenditure form which took all the usual rent and utility bills into consideration.

As there was no evidence on the credit file to show that Mr F may have been having problems with taking on too much credit or managing his accounts, I can't say 118 118 Money should've asked for copies of his bank statements at this stage. If any concerns had been raised in the initial searches then a lender may ask for additional information, such as bank statements, before deciding whether or not to approve the lending. But there was no evidence of such stress on Mr F's credit report and he appeared to have more than enough disposable income available to comfortably meet the monthly repayments.

118 118 Money ran all the checks that were required of it before agreeing to give Mr F the loan. And those checks came back saying the loan was affordable and sustainable over the 18-month term. There was nothing on the credit file that suggested any existing financial stress or multiple open forms of credit. Therefore, I can't say 118 118 Money acted irresponsibly when it provided Mr F with the loan in October 2018, and so I can't uphold his complaint.

My final decision

For the reasons set out above I don't uphold Mr F's complaint against Madison CF UK Limited trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 May 2022.

Karen Hanlon
Ombudsman