

The complaint

Mr P complains that Madison CF UK Limited trading as 118 118 Money provided him with loans he was unable to afford to repay.

What happened

118 118 Money provided Mr P with the following loans:

| | Loan ref: | Date taken | Amount | Term months | Monthly payment | Amount repayable | Date repaid |
|--------|-----------|------------|--------|-------------|-----------------|------------------|-------------|
| Loan 1 | 2207392 | 12/01/2019 | £2,000 | 24 | £129.16 | £3,099.84 | 14/09/2019 |
| Loan 2 | 2463832 | 14/09/2019 | £1,100 | 24 | £169.69 | £4,072.56 | 11/01/2020 |
| Loan 3 | 2578328 | 21/02/2020 | £1,500 | 12 | £172.12 | £2,065.44 | 19/06/2020 |

Mr P says that when he took the first loan out, he wanted to consolidate his credit payments. But he found he was getting into increasing debt and had to take out further loans. He also got into difficulties with gambling. 118 118 Money said it had properly assessed the affordability of each loan.

On referral to this service our adjudicator said that that for loan 1, 118 118 Money had carried out reasonable and proportionate checks and had made a fair lending decision. For loans 2 and 3, she said that the information revealed by its checks should have alerted 118 118 Money to the need for further information from Mr P about his finances.

However she noted that Mr P's representatives had sent in bank statements for one account around the time each loan was taken out. However she noted that the account didn't show any payments reflecting the majority of Mr P's living expenses, nor of his credit commitments. So she said that she couldn't say what information would have been revealed had 118 118 Money carried out further checks. So she couldn't uphold the complaint.

Mr P didn't agree with the adjudicator's view and asked for an ombudsman's decision. He didn't provide any further information/evidence. The matter has been passed to me for further consideration.

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.

118 118 Money carried out detailed credit checks for loans 1 and 3. It also independently verified Mr P's income.

loan 1

The credit check showed that Mr P had a current account that was £245 overdrawn, the overdrawing all occurring in the previous month to the loan being taken out. He had three credit cards all with balances on them, but he was making payments towards them and they weren't in default. He had an HP loan which he was paying at the rate of £128. Overall I think the credit check, taking into account his income showed that Mr P should have been able to afford the loan. I bear in mind that he intended to pay off his credit. So I don't think that 118 118 Money needed to do any more checks and that it made a fair lending decision.

loans 2 and 3

I haven't seen that 118 118 Money carried out a credit check in respect of loan 2. The check for loan 3 showed that Mr P's financial position had considerably worsened. He had two current accounts, both of which were overdrawn. He now had four credit cards, one with a balance of £3,692, another with £1,127, and the other two with respective balances of £627 and £835. They were all below their limits and Mr P was making regular payments towards them. Mr P still had the HP loan from the previous credit check, but now had an additional loan with a balance of £6,600.

I don't think that 118 118 Money carried out a proportionate check in respect of loan 2. For loan 3 I think the checks should have sufficiently alerted it to carry out further checks, especially bearing in mind that Mr P's debts had considerably increased since loan 1 but his income hadn't apparently increased accordingly.

But I can't say what any such further checks would have revealed. Mr P has provided bank statements for one current account for the month after loan 1 started, the month after loan 2 and the months before and after being provided with loan 3. Those accounts don't show any normal living expenses, e.g. utilities or rent. And it's clear that the loan monies weren't paid into that account, so I haven't seen evidence of Mr P's credit payments at the time any of the loans were issued. I'm aware that Mr P has another account, as it shows up on his credit records and there are some transfers from one account to this other account which show on his bank statements.

Unfortunately, without further evidence I can't say what any further checks by 118 118 Money would have shown. So I can't say that 118 118 Money made an unfair lending decision in respect of loans 2 and 3.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 March 2022.

Ray Lawley
Ombudsman