

## **The complaint**

Mr H complains that Madison CF UK Limited trading as 118118 Money ("MCF") failed to provide him with a settlement figure on his loan following his request in September 2017.

## **What happened**

Mr H was given a loan by MCF in June 2017. He borrowed £3,500 and agreed to repay the loan in 24 monthly instalments. Mr H faced problems repaying the loan relatively soon after taking it and his debt was transferred to a third-party debt collection company in January 2018.

Mr H's complaint has been assessed by one of our adjudicators. She noted that Mr H did appear to have requested an early settlement figure from MCF in September 2017. But he then began to face problems with his money, and his conversations with the business moved onto a revised repayment arrangement instead. She didn't think that Mr H had made any further requests of MCF for an early settlement figure, and so didn't think MCF's actions had caused Mr H to lose out. So she didn't think the complaint should be upheld.

Mr H didn't agree with that assessment. He said that both MCF and the third-party debt collection company had failed to allow him to repay his loan early. And he raised the additional complaint that he didn't think the loan had been lent responsibly in the first place. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

## **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 think I should firstly set out what I can, and cannot, deal with in this decision. This complaint is against MCF. So I can only deal with its actions in relation to the settlement figure. If Mr H is unhappy with how he has been treated by the third-party debt collection company he would need to raise a complaint with that company direct.

I have also seen that Mr H responded to our adjudicator's assessment with a further complaint that the loan was lent irresponsibly in the first place. That issue doesn't form part of this complaint and so I won't be dealing with it here. I can see that Mr H has raised that complaint with MCF who thought that the loan had been lent fairly. If Mr H is unhappy with that response he would need to refer it to us as a separate complaint. But I must warn him that there are strict time limits for making such a referral and from the limited evidence I have seen it might be the case that we are unable to deal with that complaint given the time that has passed since MCF issued its final response letter to him.

Our adjudicator set out in some detail the communication that took place between Mr H and MCF in September and October 2017. I won't repeat all that detail here, but I will summarise what I consider to be the key events.

Mr H's repayment due in August 2017 was returned unpaid. On 11 September Mr H emailed MCF to explain that he would be making his scheduled repayment for that month on time. And he asked for details of what would be the total balance of his account at the start of November.

MCF responded to his request two days later, and provided him with details of his arrears, and the balance that would be on the account if the forthcoming repayment was successfully made. Mr H responded to that email questioning why the balance wouldn't be reduced if he made an early repayment of the loan.

Later that day MCF again emailed Mr H to clarify whether he was seeking an early settlement figure. And it explained that it wanted to set something in place to deal with the arrears on the account. It asked Mr H for details of his financial circumstances so it could work out a suitable repayment plan.

Mr H's scheduled repayment due on 15 September failed and was returned unpaid.

Around a week later Mr H told MCF that he was in financial difficulties and was considering a debt management plan. He asked whether it would be possible to freeze the loan interest and make weekly repayments of £100. MCF asked Mr H to confirm that payment was affordable and that he was aware of companies that could give him free advice about his financial problems. Following Mr H's confirmation MCF agreed to the repayment plan.

MCF was unable to take the payment Mr H had agreed to make as the debit card details he'd provided did not match those it held on its system. It asked Mr H to get back in touch. He did so around two weeks later and made a payment of £350. He agreed to call back later to set up his debit card for future payments to be taken.

It seems that there was then no further correspondence between Mr H and MCF. And Mr H made no further repayments on his loan. After sending him letters to try and resolve the situation, MCF sold Mr H's debt to a third-party debt collection company in January 2018.

I'd tend to agree with Mr H that he did request a settlement figure in September 2017. I think the language he used could have been clearer – MCF misinterpreted what he had asked for. And I think it fair to say that Mr H isn't an expert in these matters and the responsibility largely fell on MCF to clarify what Mr H wanted if his request wasn't clear.

I think that request for clarification took place within a couple of days. But rather than confirming he wanted an early settlement quotation Mr H told MCF that he was facing financial difficulties and wanted some help with his repayments. I can't see that, at any stage following that point, Mr H repeated his request for an early settlement quotation. So I don't think it would be unreasonable for the lender to have thought circumstances had changed, and a settlement quotation was no longer required.

Given the obvious problems that Mr H was facing with his finances at that time – only being able to make one repayment between August 2017 and January 2018 - I'm not persuaded that MCF providing him with a settlement figure would have led to him being able to repay the loan. I appreciate that Mr H says he might have sought other funding, or a loan from family or friends, but there is no clear evidence those requests would have been successful.

I have considered how MCF responded to Mr H when he explained he was facing problems managing his repayments. At that time the regulator would expect MCF to take steps to ensure that Mr H was treated fairly, with forbearance and with due consideration. It provided firms with a number of examples of this sort of behaviour including the consideration of reducing or waiving future interest charges, allowing the payment of arrears to be deferred,

or accepting token payments for a reasonable period of time.

It is my understanding that the regulator's guidance isn't intended to leave debts outstanding for an indefinite period of time. Instead the requirement for lenders to show forbearance and due consideration to consumers who are facing financial difficulties is to allow a reasonable period of breathing space for consumers, facing an unexpected fall in their disposable income, to review their options. I think that MCF's actions were in line with those requirements. And when Mr H failed to make his promised repayments, and made no further contact with MCF, I think it was reasonable for his debt to be transferred to the third party.

So on balance I don't think it was MCF's actions that meant Mr H was unable to repay his loan in late 2017. I don't think MCF has done anything wrong that has caused Mr H to lose out.

### **My final decision**

For the reasons given above, I don't uphold the complaint or make any award against Madison CF UK Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 February 2022.

Paul Reilly  
**Ombudsman**