

## The complaint

Mr M complains that Madison CF UK Limited trading as 118 118 Money irresponsibly lent to him.

## What happened

Mr M took four loans with 118 118 Money. From the information we hold on file, the details of the loans were as follows:

Loan number	Start date	Loan amount (£)	Term	Repayment amount (£)	End date
1	28/04/2015	1,000	12 months	112.94	30/12/2015
2	30/12/2015	1,251.39	24 months	90.53	06/02/2016
3	16/03/2016	1,500	24 months	114.89	05/10/2016
4	01/07/2018	1,000	18 months	92.37	24/09/2019

One of our adjudicators looked and thought 118 118 Money shouldn't have lent Mr M any of the loans. 118 118 Money accepts that it shouldn't have lent Mr M loans 2, 3 and 4 but hasn't agreed with the adjudicator's findings on loan 1.

As there are no continuing disputes about loans 2 - 4 and so I've focused my decision on loan 1.

## 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've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer will be able to repay what they're borrowing without it significantly adversely impacting on their financial situation.

118 118 Money's checks show Mr M declared his monthly income as £1,600 and his monthly living cost as £749 and he declared only £40 for credit commitments. However, the results of 118 118 Money's search into Mr M's credit file showed that he was utilising more than 50% of his bank overdraft facility, he also had several unsecured loans and was due to repay over £800 towards unsecured loans.

On these calculations it should have been clear to 118 118 Money that Mr M didn't have the scope to make the £112.94 repayment for loan 1 and it shouldn't have lent to him.

Mr M was in similar circumstances at the times of loan 2, 3 and 4 where he was struggling to manage his money and reliant on credit. The subsequent loans shouldn't have been lent either. 118 118 Money needs to put things right.

### **Putting things right**

To put things right for Mr M, 118 118 Money should:

- refund all the interest and charges applied on loans 1- 4
- add interest at 8% simple per year on the above interest and charges from the date they were paid, if they were, to the date of settlement\*.
- remove any adverse information recorded on Mr M's credit file in relation to these loans.

\* HM Revenue & Customs requires 118 118 Money to take off tax from this interest. 118 118 Money must give Mr M a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

I uphold Mr M's complaint and require Madison CF UK Limited to put things right as set out above.

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

Oyetola Oduola  
**Ombudsman**