

## **The complaint**

Mr P complains that Madison CF UK Limited trading as 118 118 Money was irresponsible in its lending to him.

## **What happened**

In April 2021, Mr P was provided with credit card by 118 118 Money with a credit limit of £1,200. There were no increases to the credit limit. Mr P says that adequate checks weren't carried out before the credit card account was provided. He says he had a county court judgement outstanding at the time and was behind on his other credit card payments.

118 118 Money says that Mr P applied for a credit card through its website and as part of the application process was asked about his income, expenditure and employment. It says the information received was assessed against its scorecard and it used industry standard verification checks to validate the information. 118 118 Money says Mr P confirmed that the lending was affordable.

Our investigator upheld this complaint. He noted that Mr P's credit file showed several missed payments and a county court judgement from July 2019. He thought that further information about Mr P's circumstances should have been gathered before the lending was agreed.

118 118 Money didn't agree with our investigator's view. It said it had provided a copy of its credit check results and it noted that Mr P did have some small defaults recorded but said these were for low amounts.

## *My provisional conclusions*

I issued a provisional decision on this complaint. I concluded in summary:

- Before providing the credit card, 118 118 Money carried out a credit check and asked Mr P about his income, expenditure and employment. I thought the credit check results should have raised concerns. Mr P had several defaults and while the defaults were historic there were still defaulted accounts outstanding. Mr P also had a county court judgement recorded in July 2019. That said, more recent data showed Mr P was generally managing his accounts and while he did have another credit card at the time with a credit limit of £1,000 his balance was just under £600.
- As I thought the credit check raised concerns, I thought it would have been reasonable for further checks to take to ensure 118 118 Money had a clear understanding of Mr P's financial circumstances at the time.
- I considered the income and expenditure information 118 118 Money gathered and that it said it undertook standard verification checks. I hadn't seen evidence of any verification that took place and, given Mr P's previous issues, I thought it would have been reasonable to verify Mr P's income and to ask about his expenses to ensure that the credit limit was affordable.

- In the absence of anything else, I placed significant weight on the information contained in Mr P's statements as an indication of what would most likely have seen by 118 118 Money through its verification of Mr P's income and had it asked about his expenses.
- I reviewed three months of bank statements prior to the application. These confirmed Mr P's monthly income as averaging around £1,550 which was in line with the amount 118 118 Money used in its assessment. The statements showed that Mr P's regular committed monthly expenditure at the time was around £1,150. In calculating this figure, I included costs such as his rent, utility bills, credit commitments, food and transport. Based on Mr P's income of around £1,550 this would leave Mr P with around £400. Considering the credit limit of £1,200 I didn't think this would suggest the lending was unaffordable.

Mr P didn't agree with my provisional decision. He said that his complaint was not to erase his debt, but that 118 118 Money refused to set up a payment plan. He said he would set up a payment plan with 118 118 Money but would not deal with a debt collector.

### **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 considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

Mr P raised a complaint about irresponsible lending. As I set out in my provisional decision, I think it would have been reasonable for 118 118 Money to have carried out further checks given Mr P's credit history, to ensure the lending was affordable. However, based on the information received I found that had these further checks taken place they wouldn't have shown the lending to have been unaffordable.

I note Mr P's response to my provisional decision but in this case as his complaint was about irresponsible lending this is what I have considered in this decision.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 3 January 2023.

Jane Archer  
**Ombudsman**