

## **The complaint**

Mr J complains that Madison CF UK Limited trading as 118 118 Money irresponsibly lent to him. Mr J says the lending increased his debt and he couldn't afford to repay it.

## **What happened**

In April 2020, 118 118 Money lent Mr J a loan for £1,000. The interest on the loan was £732.56 and Mr J had to make 24 monthly repayments of £72.19. Mr J has struggled to keep up with his monthly repayments and there is an outstanding balance on the loan.

Mr J complained through a representative to 118 118 Money, it didn't uphold his complaint and so he referred the complaint to this service where it was looked at by one of our adjudicators. Our adjudicator thought that 118 118 Money didn't do enough before agreeing to lend to Mr J.

Our adjudicator thought 118 118 Money should have taken its checks further but found that had 118 118 Money taken its checks further it would have likely still lent as there was nothing within Mr J's financial circumstances at the time that suggested he couldn't afford the monthly repayments.

Mr J disagreed and asked for an ombudsman's decision. Mr J didn't say why he disagreed with the adjudicator and so I don't know what he specifically disagrees with.

## **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 could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key thing was that any checks needed to be proportionate and had to take into account things such as how much was being lent and when what was being borrowed was due to be repaid. A business should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

118 118 Money has provided evidence to show that during the application process, it asked Mr J about his monthly income, living expenses and credit commitments. It also searched Mr J's credit file.

Mr J declared his monthly income as £2,449 and his living costs including regular credit commitments as £1,400.25. Mr J said the loan was for debt consolidation. The results of the credit search showed Mr J had historic defaults from 2014 and had a number of active credit account. Those results showed Mr J was paying more than he declared towards his credit commitments.

The historic defaults still had outstanding balances on them and so Mr J was repaying historic debts on three accounts and at least five other active credit accounts. It is also unclear which debts Mr J was looking to consolidate and I can't see that 118 118 Money took into account the effect of any consolidation to understand how that may have impacted Mr J's finances.

Given the above, I think there was sufficient concern to have prompted 118 118 Money to have taken its checks further.

Mr J has provided his provided copies of his bank statements from around the time of the loan and from what I can see in the three months before the loan, his income varied from around £2,164 to £2,476. I can't see that he was gambling or had any obvious signs of financial difficulties at the time of the loan. From what I can see, his regular living costs and credit commitments varied from around £1,600 to £1,800 and would have left him with sufficient disposable income to repay the £72.19 per month towards this loan.

On that basis, I think even if 118 118 Money had taken its checks further it would likely have found that Mr J could afford the loan at the time and would have made a fair decision to lend. I appreciate Mr J struggled to keep up with the loan repayments within a short time of taking the loan but the information available at the time he took out the loan suggests he could afford the loan and so I don't think 118 118 Money was wrong to lend.

As there's still a balance outstanding, I'd remind 118 118 Money of its duty to treat Mr J fairly in a positive and sympathetic way as he appears to be struggling to repay the loan.

### **My final decision**

For the reasons given above, I don't uphold his complaint or make any award against Madison CF UK Limited trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 April 2023.

Oyetola Oduola  
**Ombudsman**