

The complaint

Miss B complains that Madison CF UK Limited trading as 118 118 Money lent to her irresponsibly.

What happened

Miss B applied for a credit card with 118 118 Money. 118 118 Money approved the application.

Miss B complained that 118 118 Money had lent to her irresponsibly. She said that if 118 118 Money had carried out proper checks, it would've seen that she would struggle to repay the credit in a sustainable way.

118 118 Money didn't uphold the complaint, so Miss B brought her complaint to this service.

Our investigator upheld the complaint. He said that 118 118 Money hadn't treated Miss B fairly.

118 118 Money accepted the investigators view but Miss B didn't reply so I've been asked to make a final decision.

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 complaints about irresponsible and unaffordable lending is set out on our website. I've had this approach in mind when considering this complaint.

Before agreeing to lend, the rules say that 118 118 Money had to carry out reasonable and proportionate checks to ensure Miss B could afford to repay the debt in a sustainable way. The nature of what's considered reasonable and proportionate will depend on various factors including the amount of credit, the total sum repayable, the amount of repayments and the consumers individual circumstances.

There's no set list of checks a lender must complete. But lenders are required to consider the factors I've mentioned above when deciding what's reasonable and proportionate.

118 118 Money didn't respond to this service when it was asked to provide information about the check it completed before approving the application. So I've only been able to consider the information provided by Miss B.

Based on what I've seen, Miss B had several credit accounts where she had defaulted on payments at the time she applied for the credit card. She was also using her overdraft facility regularly and had exceeded her overdraft limit.

Taking this into account, I think if 118 118 Money had carried out reasonable and proportionate checks, it would've seen that Miss B was unlikely to be able to sustainably

repay the credit. I'm of the view that 118 118 Money treated Miss B unfairly when it lent to her.

Putting things right

To put things right, 118 118 Money should rework the account and remove all interest, fees and charges.

If the rework results in a credit balance, this should be refunded to Miss B together with 8% simple interest per year calculated from the date of each overpayment to the date of settlement.* 118 118 Money should also remove all adverse information regarding the account from Miss B's credit file.

If, after the rework, there is an outstanding balance, 118 118 Money should agree an affordable repayment plan with Miss B. Once Miss B has cleared the balance, any adverse information regarding the account should be removed from her credit file.

*HMRC requires 118 118 Money to deduct tax from this amount. It must give Miss B a certificate showing how much tax has been taken if she asks for one.

My final decision

My final decision is that I uphold the complaint. Madison CF UK Limited trading as 118 118 Money must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 June 2023.

Emma Davy
Ombudsman