

## The complaint

Mr A complains that the default recorded by Madison CF UK Limited trading as 118118 Money hasn't been removed completely from his credit report.

## What happened

Mr A's credit card account with 118118 Money went into default. He initially raised a complaint saying that he had the funds available to repay the arrears. He received a final response letter dated 31 August 2022 from 118118 Money saying that if he provided copies of his bank statements showing he had the funds available to pay the arrears it would look to review the default and remove this. Mr A says he provided the requested copies of bank statements. 118118 Money responded to Mr A saying that it had reviewed the information he had provided, and it didn't agree that he had the available funds between the date of the Notice of Default letter from 12 May 2022 to 10 June 2022, noting that Mr A had borrowed from other lenders at the time. Because of this it said it wouldn't be able to remove the default.

Mr A then raised a further complaint about his credit card being provided irresponsibly. 118118 Money provided a final response dated 8 February 2023. It upheld Mr A's complaint. It noted that the debt had been transferred to a third party and it would ensure the interest and charges applied to his account were removed. It also said that it would contact the credit reference agency to remove the records applied by 118118 Money in regard to this account.

Our investigator thought the redress offered by 118118 Money in response to Mr A's complaint - being to remove all interest and charges and amend his credit file - was reasonable. He therefore didn't require 118118 Money to do anything further.

Mr A was still concerned about the default applied to his credit file and how this would be dealt with as his debt had been sold to a third party.

## *My provisional conclusions*

I issued a provisional decision on this complaint. My conclusions were as follows:

*This complaint was initially about the default note being removed from Mr A's credit card account. However, since Mr A referred this to this service, a further complaint about irresponsible lending was upheld. Given 118118 Money accepted that the credit card wasn't provided responsibly and provided a remedy to this (which included the removal of the default) I have considered whether this was reasonable and whether 118118 Money is required to do anything further.*

*When it is accepted that lending shouldn't have been provided, we wouldn't expect 118118 Money to benefit from the lending and as such we would expect all interest and charges to be refunded. I understand this has happened which I find reasonable. The outstanding issue relates to the default.*

*118118 Money has said it would contact the credit reference agencies to ask for the records applied to Mr A's credit file by 118118 Money to be removed. I find this reasonable, and I understand this has also happened. It is reasonable that Mr A remains responsible for any capital amount outstanding as he will have had the benefit of the funds.*

*However, 118118 Money transferred Mr A's debt to a third party in October 2022. There is nothing wrong with this action and I can see that Mr A was informed as we would expect. However, given 118118 Money upheld Mr A's irresponsible lending complaint, we would expect it to put Mr A back in the position he would have been had the lending not been provided. While it has taken most of the actions expected, we would expect it to ensure all negative information is removed from Mr A's credit file, once any outstanding capital balance has been repaid by Mr A (post the adjustments for the refunded fees, charges and interest). In this case I understand that 118118 Money has already removed the adverse information it has recorded but I would expect it to ensure (once the outstanding balance has been repaid) that any adverse information is removed which includes any adverse information recorded by the third-party owner of the debt. If 118118 Money isn't able to do this, it should buy back the debt and ensure the required actions are taken.*

No further information was provided in response to my provisional 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.

As no new information was provided in response to my provisional decision, my conclusions haven't changed.

As I set out in my provisional decision 118118 Money has taken most of the actions we would expect it to take when it is accepted that lending has occurred irresponsibly. But Mr A was concerned that due to his debt being sold to a third-party adverse information may still be recorded on his credit file. In this case we would expect 118118 Money to ensure all negative information is removed from Mr A's credit file, once any outstanding capital balance has been repaid by Mr A (post the adjustments for the refunded fees, charges and interest), including any adverse information recorded by the third-party owner of the debt. If 118118 Money isn't able to do this, it should buy back the debt and ensure the required actions are taken.

### **Putting things right**

In addition to the actions already taken, Madison CF UK Limited trading as 118118 Money should confirm that all adverse information recorded on Mr A's credit file in regard to the account (including any recorded by the third-party owner of the debt) will be removed once the outstanding balance has been repaid.

### **My final decision**

My final decision is that Madison CF UK Limited trading as 118118 Money should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 31 July 2023.

Jane Archer  
**Ombudsman**