

## **Complaint**

Mr M has complained about a loan Madison CF UK Limited (trading as “118 118 Money”) provided to him. He says he was lent to irresponsibly and this placed him in a worse financial position.

## **Background**

118 118 Money provided Mr M with a loan for £1,000.00 in November 2021. This loan was due to be repaid in 24 monthly instalments of £60.34. One of our adjudicators reviewed what Mr M and 118 118 Money had told us. And he thought that 118 118 Money hadn't done anything wrong or treated Mr M unfairly. So he didn't recommend that Mr M's complaint be upheld. Mr M disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr M's complaint.

118 118 Money needed to make sure that it didn't lend irresponsibly. In practice, what this means is 118 118 Money needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

118 118 Money says it agreed to Mr M's application after he provided details of his monthly income and it obtained some information on his expenditure as result of a credit search it carried out. And all of this information showed Mr M could afford to make the repayments he was committing to. On the other hand, Mr M has said he was in financial difficulty.

I've carefully thought about what Mr M and 118 118 Money have said.

The first thing for me to say is that 118 118 Money has provided a record of the results of its credit searches. 118 118 Money searches appear to show that Mr M had had previous difficulties repaying credit but that his commitments at the time were relatively well maintained. Crucially, according to the credit searches, Mr M's debt total at the time of the

applications was reasonable in comparison to his income, they appeared to be relatively well managed and there were many accounts opened recently.

I accept that Mr M appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information 118 118 Money obtained.

But even if I accept that 118 118 Money's checks ought to have gone into finding out about Mr M's actual living expenses, I don't think this would have made a difference. I say this because looking at the information Mr M has provided there isn't anything in it which that including his actual living expenses, rather than estimates, would have shown the low monthly loan repayments to be demonstrably unaffordable.

It's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the circumstances here, I don't think that 118 118 Money did anything wrong when deciding to lend to Mr M - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. And, in any event, I don't think that doing more would have prevented it from lending either.

So overall I don't think that 118 118 Money treated Mr M unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 September 2023.

Jeshen Narayanan  
**Ombudsman**