

## **The complaint**

Mr S has complained that Madison CF UK Limited trading as 118 118 Money acted irresponsibly when it provided him with a credit card in early 2021.

## **Background**

Mr S applied for a credit card with Madison in February 2021. He has said that the card was never affordable, and that Madison didn't perform adequate checks because if it had it would've realised he had a history of missed payments and county court judgements logged on his credit file and wouldn't have given him the card. He wants Madison to refund all the interest and charges applied to the account as well as removing any late payment or default markers associated with it from his credit file.

Madison has said that it asked Mr S to complete an income and expenditure form and ran some checks against his credit file. It said based on these it believed the card was affordable and so it doesn't think it was wrong to provide him with the credit.

Unhappy with Madison's response Mr S brought his complaint to our service. One of our adjudicators looked into the complaint already. She found that there was enough evidence to show that the checks completed by Madison were likely insufficient and that the lending wasn't appropriate for Mr S at the time. So, she upheld the complaint.

Mr S accepted the adjudicator's findings, but Madison didn't respond to the view. So, the complaint has been passed to me for consideration.

## **My findings**

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

Having done so I agree with the findings of our adjudicator. I will set out my reasons why below.

Mr S has explained that three days prior to applying for the credit card with Madison he had applied for and was approved for a £2,000 loan with it. However, it doesn't appear that Madison included this lending in its calculations on the credit card affordability. We asked Madison about this in our initial investigation, but it didn't respond to the investigator at that time.

I also note that when Mr S applied for his credit card in February 2021, he already had three existing credit cards open with other credit providers. And his credit file indicates that these cards were at 97% of their combined limit. I also note from his credit file that in September, October, November and December had exceeded the limit on two of the three existing credit cards.

And while Mr S was making at least the minimum repayments every month it does look like he was becoming quite reliant on credit.

Mr S has also pointed out the fact that there were late payments to other credit providers as well as county court judgements ("ccjs") registered on his credit file when he applied for both the loan and the credit card with Madison in 2021. However, the ccjs were from several years prior to this lending application and so I don't necessarily think Madison should've refused him credit on that basis alone.

That said I do think the fact that Mr S had 10 open lines of credit, three of which were already at their limit, and he had applied for and was given, £2,000 loan with Madison only three days prior to applying for this card should've alerted it to the fact that Mr S was becoming increasingly dependent on credit.

All of which indicate that Mr S was likely to have problems sustaining the repayments on any additional form of credit at this point and should've stopped Madison from approving his application.

Therefore, I don't think Madison should've provided Mr S with the credit card in February 2021. There were obvious signs of him becoming overly dependent on credit and the fact that it had just provided him with a sizeable loan repayable over 18 months should've given it cause to review his application in more detail.

While it may have appeared affordable on basic checks, there was enough evidence of existing stress for Madison to have taken a closer look at Mrs S' circumstances and I think if it had done that it would've realised he was already beginning to struggle with his finances and providing him with additional credit was likely to cause him further problems.

For these reasons I uphold Mr S' complaint.

### **Putting things right**

In order to put things right Madison CF UK Limited trading as 118 118 Money should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be refunded to Mr S along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. Madison should also remove all adverse information regarding this account from Mr S' credit file.
- Or, if after the rework there is still an outstanding balance, Madison should arrange an affordable repayment plan with Mr S for the remaining amount. Once Mr S has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

\*HM Revenue & Customs requires Madison to deduct tax from any award of interest. It must give Mr S a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

### **My final decision**

For the reasons set out above I uphold Mr S' complaint against Madison CF UK Limited trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 October 2023.

Karen Hanlon  
**Ombudsman**