

The complaint

Miss N complains that Madison CF UK Limited trading as 118 118 Money ('118 118 Money') irresponsibly gave her a loan that she couldn't afford.

What happened

In October 2022, Miss N applied for a loan with 118 118 Money. The loan was for £2,500 and the monthly repayment was £177.60 over 24 months. Miss N got into financial difficulty with the loan and the debt was eventually sold on to a third party.

In 2023, Miss N complained to 118 118 Money to say that the account shouldn't have been opened for her because it wasn't affordable and that 118 118 Money ought to have made a better effort to understand her financial circumstances before giving her credit.

Our investigator recommended the complaint should not be upheld. Miss N disagreed and so, the complaint has been passed to me to decide.

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 read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

118 118 Money will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Miss N's complaint is that 118 118 Money made credit available that was unaffordable. 118 118 Money has explained that it relied in part on information that Miss N provided at the time of application to assess affordability. Miss N does not recognise as accurate the details recorded about her on the application form and blames the business for that. 118 118 Money told us that Miss N applied for her loan via a website and that Miss N declared the details to be accurate at the time of the application. I have noted that Miss N's application was completed online away from active interaction with any business representative. In any event, I have seen insufficient evidence to make a finding that Miss N's application data was falsely recorded or falsely presented in this complaint.

118 118 Money said the application data was a starting point for its decision making. 118 118 Money said they carried out credit searches in Miss N's name to assess Miss N's level of debt at the time of the lending decision and to understand how she had been managing

that debt. With that information and using their own scoring metric, 118 118 Money decided to agree to the loan in 2022.

And I think there was insufficient evidence from the credit check that was performed for 118 118 Money to think that Miss N was already in financial difficulty. I've noted the defaults on Miss N's record and that the most recent of those was from 2018 over four years before Miss N applied for this borrowing. Beyond that, Miss N's credit report does not suggest that her recent management of credit was poor and Miss N confirmed to us that that was her recollection too.

So, in my opinion, the information about Miss N's existing credit would have suggested that, at that time, Miss N was managing her existing credit. It seems to me there was insufficient evidence that would have made 118 118 Money think they should avoid providing Miss N with any further credit or that they should make more thorough searches of Miss N's circumstances before doing so.

In saying that I have noted that the loan amount was relatively modest and the monthly payments for the loan were not unreasonable in relation to the declared income. The 118 118 Money checks showed that Miss N had only a modest amount of other borrowings compared to her declared income. And I don't think the modest new credit when added to the existing borrowing made this credit unreasonable. So, the lending looked to be affordable and reasonable at the time.

I don't think that the information that 118 118 Money had at the time of each of the lending decisions, would have led them to feel they ought to make more searching enquiries of Miss N's financial situation. And in addition, the information that 118 118 Money had presented to it and which it acquired, suggested that at the time the lending decision was made, Miss N was affording her existing credit at that time and for much of the preceding four years. So, 118 118 Money were not put on notice of any reason not to agree the loan from any of the above.

I know that Miss N will be disappointed with my decision, as she has put time and energy into her complaint and has been a strong advocate for her complaint. And because she has been successful with other complaints. But each case we look at is assessed on the individual circumstances of that complaint.

I want Miss N to know that I considered all the submissions made to us in this complaint. But having considered all the submissions in this case, I have not found sufficient evidence to uphold this complaint.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 20 March 2024.

Douglas Sayers
Ombudsman