

## The complaint

Mr G complains that the loans he had from Madison CF UK Limited (trading as 118 118 Money) were unaffordable to him.

## What happened

Mr G was approved for the following loans from 118 118 Money between December 2018 and July 2021:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Repayment</u>	<u>Repaid</u>
1	4 Dec 2018	£2,000	24m	£155.77	7 Mar 2019
2	3 Oct 2019	£2,000	24m	£115.92	22 May 2020
3	23 Jun 2020	£3,000	24m	£187.48	14 Apr 2021
4	13 Jul 2021	£2,000	24m	£118.61	22 Nov 2022

Mr G says that 118 118 Money should have seen he was experiencing financial issues when he applied for the loans from 118 118 Money. He says he was already struggling to maintain his payments on existing credit commitments.

118 118 Money says Mr G was asked to provide information about his income and expenditure, which was then validated. It said it checked his credit file and was satisfied the loans were correctly approved.

Our investigator did not recommend the complaint should be upheld. He was satisfied that 118 118 Money had carried out proportionate checks and considered that it made fair lending decisions.

Mr G responded to say, in summary, that the repayments were not sustainable, and he didn't have enough money to cover his credit commitments alongside his regular living expenditure.

## Provisional findings

I issued a provisional decision to Mr G and to 118 118 Money on 25 June 2024.

I've summarised my findings below:

## Loan 1

- I wasn't satisfied the checks carried out by 118 118 Money were proportionate because:
  - Mr G's borrowing had escalated rapidly since February 2018;
  - His regular cash advances could have been a sign of financial difficulty;
  - He was already committed to paying over a third of his income to credit repayments;
  - He had an active short-term loan and was a regular user of this form of credit.
- However, as Mr G did not provide any further evidence of his financial circumstances at the time of loan 1, I was unable to say what proportionate checks were likely to have shown and, therefore, could not conclude the loan was unaffordable.

## Loan 2

- Based on the available evidence, I was satisfied 118 118 Money had enough information on which to make its lending decision. In particular, his credit file showed:
  - 14 active accounts on his credit file, of which 10 had been opened since February 2019:
  - Four active short-term loans;
  - Mr G had used the cards for cash advances worth £380 in the previous 12 months.
- Given Mr G's worsening credit profile and his ongoing reliance on short-term lending and cash advances, I found 118 118 Money was irresponsible to have approved loan 2.

## Loans 3 and 4

Mr G applied for loans 3 and 4 relatively quickly after repaying the previous loans which may also have been an indication of increasing financial difficulty. He continued to open, on average, one new account every month, with an ongoing use of short-term lending and cash advances from his credit cards. Although 118 118 Money's checks showed a small increase in Mr G's income, I considered it had enough information to indicate that he was still struggling financially, and that further lending was irresponsible.

In summary, I did not find that 118 118 Money made a fair lending decision for loans 2, 3 and 4, and that Mr G should only repay the money he borrowed with respect to those loans.

Mr G responded to say he accepted the provisional decision.

118 118 Money responded to say it had no further comments.

## **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 neither party responded with any additional information, I see no reason to depart from my provisional decision.

### **My final decision**

My decision is that I uphold this complaint in part. Madison CF UK Limited (trading as 118 118 Money) should:

- Add up the total amount of money Mr G received as a result of having been given loans 2, 3 and 4. The repayments Mr G made should be deducted from this amount;
  - Any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement)\*. 118 118 Money should also remove any adverse information regarding these loans from Mr G's credit file.

\*HM Revenue & Customs requires 118 118 Money to deduct tax from this interest. 118 118 Money should give Mr G a certificate showing how much tax it's deducted if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 21 August 2024.

Amanda Williams  
**Ombudsman**