

## **Complaint**

Mr W has complained about a credit card Madison CF UK Limited (trading as “118 118 Money”) provided to him.

He says that he shouldn't have been given the credit card and that it was irresponsibly provided to him.

## **Background**

Mr W has also complained about a loan which 118 118 Money provided to him. However, we've looked at that complaint separately and this decision is only looking at whether 118 118 Money acted fairly and reasonably in relation to his credit card.

In June 2021, 118 118 Money provided Mr W with a credit card which had a limit of £1,200.00. Mr W wasn't provided with any credit limit increases.

One of our investigators reviewed what Mr W and 118 118 Money had told us. And he thought 118 118 Money hadn't done anything wrong or treated Mr W unfairly in relation to providing the credit card.

So he didn't recommend that Mr W's complaint be upheld. Mr W disagreed and asked for an ombudsman to look at the 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.

Having carefully considered everything, I've decided not to uphold Mr W's complaint. I'll explain why in a little more detail.

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 W's complaint.

118 118 Money needed to make sure 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 W could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we don't think that it is necessarily unreasonable for a lender's checks to be less detailed – 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 W's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr W would be able to make the relatively low monthly repayment required to clear the balance that could be owed within a reasonable period of time.

On the other hand Mr W says that he shouldn't have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr W was provided with a revolving credit facility rather than a loan. And this means that 118 118 Money was required to understand whether a credit limit of £1,200.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,200.00 required relatively low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information 118 118 Money obtained from Mr W about his income and what was on the credit search carried out. 118 118 Money says that Mr W declared a salary of around £1,800.00 a month. Furthermore, the credit search showed that Mr W only had a relatively low amount of active credit in comparison to his declared income and while Mr W had some adverse credit information recorded against him this was historic as it was from 2017 and 2018.

Furthermore, it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of finding out more about Mr W's living expenses rather than relying on estimates of this, would, in any event, have led to 118 118 Money making a different decision.

I say this because I've not been provided with anything to corroborate that Mr W had insufficient funds left over, once his credit commitments and discernible regular living costs were deducted from his income, in order to make the payments he could have had to make as a result of using the credit available to him on this card.

I'm also mindful that 118 118 Money applied temporary hold on his account when he got in contact to explain that he was temporarily unable to work, in December 2023. This provided Mr W some breathing space until he was able to return work in January 2024. I think that this was a fair attempt to provide Mr W a break in order to resume payments when he returned to work and Mr W was able to gradually bring his account back within its limit.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that 118 118 Money irresponsibly lent to Mr W or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here. So I'm not upholding this complaint.

I appreciate this will be very disappointing for Mr W. 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 W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 September 2024.

Jeshen Narayanan  
**Ombudsman**