

## **The complaint**

Mr D complains Madison CF UK Limited trading as 118 118 Money (“118”) lent to him irresponsibly and sent him malicious communications.

## **What happened**

In January 2024 Mr D was given a credit card by 118 with a limit of £500. Then in April 2024 he was given a loan for £2500. Less than a week after the loan was granted, Mr D complained to 118 that he was irresponsibly lent to. He said he previously owed money to 118 but went bankrupt and he’s in no medically fit state to sign a new agreement.

Subsequently, when discussing his complaint internally, 118 copied Mr D into a chain of emails in May 2024. Mr D wasn’t the intended recipient of these and receiving them caused him significant distress – so he complained further.

In May 2024, 118 issued Mr D with a final response letter. They said they were sorry for sending the emails. They said the email trail was to find the correct outcome for Mr D, but that some of the comments used were inappropriate. In the final response letter, they addressed irresponsible lending, a potential GDPR breach and a loading to Cifas.

About alleged irresponsible lending, 118 said they could’ve gathered further information from Mr D at the time and so would be upholding that part of his complaint. They said that, as a gesture of goodwill, they would clear the full balance on Mr D’s loan and credit card.

Regarding GDPR, they assured Mr D that no data was breached or shared in an unauthorised manner. And they offered to load Mr D to Cifas as a safeguarding measure prompting other firms to complete heightened checks.

118 told Mr D they would write off his full loan with interest, write off his credit card and pay him an additional £750 in compensation. This represents a total offer of redress of £6017.84. Because Mr D didn’t agree with this as a resolution to his complaint, he complained to our service in May 2024.

Mr D has been open with our service when describing the way this situation has impacted him. He said he has long-term PTSD from this and he’s not able to trust any organisations anymore. He’s explained that his carer has to stay with him, and the whole thing has had a serious impact on his mental and physical health.

An Investigator here looked into things. They explained that 118’s write off of debt in this case was fair.

They felt though that the £750 offered by 118 wasn’t adequate in compensating Mr D for the upset these events have caused him. They felt the compensation should be increased to £1500. This was because, in the Investigator’s view, the effects of receiving the emails has led to a serious disruption to Mr D’s daily life that wouldn’t be adequately compensated through 118’s offer.

Although our Investigator had increased the proposed redress from 118's original offer, Mr D explained that, in his view, £1500 still isn't enough to reflect the extreme impact these matters have had on his physical and mental health.

118 have neither accepted nor rejected the Investigator's recommendation. Because an agreement couldn't be reached on how to resolve things, the complaint has been passed to me to make a final decision.

### **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'd like to start by acknowledging that Mr D has sent in significant evidence regarding his mental health concerns, his illnesses and the knock-on effect this complaint has had on those. I thank him for being clear with us on such sensitive matters – having this evidence to review in this case has been useful. I'd like to reassure Mr D that whilst I have not referred to everything he's sent here, I have reviewed everything and have taken it into all consideration when reaching my decision.

118 have accepted they did lend to Mr D irresponsibly. So, I'm not going to go through in great detail on how we approach complaints about irresponsible lending or the rules and regulations in place at the time 118 lent to Mr D. There is information set out on our website regarding our approach.

118 accepts they've treated Mr D unfairly. They've offered to write off the entire outstanding balance of both the credit card and loan. Our usual approach to redress for complaints about irresponsible lending is a refund of interest and charges, plus 8% simple interest if there's no remaining balance owed to the lender. So, 118 have gone much further here than I'd usually expect. However, in some instances, for example where we think a customer is particularly vulnerable, or there's no reasonable prospect of a firm collecting repayments due to a customer's circumstances, we may deem it appropriate to write off the debts owed. So I've thought about that here.

In this case, given Mr D's circumstances, which he's validated through supporting evidence, writing off the debt – as 118 have done – feels fair. I say this because Mr D shouldn't have been lent to in the first place, and 118 are aware of his vulnerabilities and situation. Regarding the other element of Mr D's complaint relating to the internal emails he was copied into, 118 again accepts it did something wrong. It recognised the error and apologised to Mr D, reassuring him it would form part of a wider investigation and offered £750 to reflect what had happened.

Our Investigator has recommended increasing this to £1,500, bearing in mind the considerable impact 118's failings have had on Mr D. I know Mr D wants significantly more than this but, having thought very carefully about what's happened here, I'm satisfied £1,500 is fair.

I'm not going to quote directly what 118's emails said, as everyone privy to the complaint has seen them. But I think it can be agreed the practices that took place here were extremely poor and unprofessional, and regardless of whether the messages were intended for Mr D's eyes or not, it's not an appropriate way to be discussing a customer. Anyone receiving emails like this would have been upset (to put it mildly), and Mr D's circumstances clearly make the likely impact even worse.

I understand Mr D has been seeking medical attention for help in managing his feelings and emotions regarding this and I'm pleased to hear things are improving for him.

I know this is likely to come as a disappointment to Mr D as he was hoping to receive more than £1500. Considering non-financial loss is not an exact science and it is difficult to equate someone's distress with an amount of money that would provide fair compensation. I'm very mindful that these events have had a significant impact on Mr D, whilst also bearing in mind that we are not here to punish businesses for their mistakes – that's not our role.

Based on everything I've seen in the difficult circumstances of this particular case, I believe £1,500 is fair compensation.

Regarding the Cifas marker, 118 have since said they're offering to load Mr D onto a protective register. This is to ensure that if he was to apply for credit in the future, additional checks and verification would be required to ensure he's in a fit state to be receiving credit.

Finally, I also note Mr D's comments regarding GDPR, but I'm satisfied the conversation took place between those members of staff that were relevant, and no information was disclosed about Mr D externally from 118. However, as I've set out above, 118 should be mindful in the way they discuss their customers.

### **Putting things right**

118 should pay Mr D a total of £1,500 in recognition of the distress and inconvenience it has caused him relating to this complaint. If it hasn't already, it should also write-off Mr D's outstanding debt.

### **My final decision**

It's my decision that Madison CF UK Limited trading as 118 118 Money did treat Mr D unfairly and should pay him a total of £1,500 in compensation as well as writing off the outstanding debt as previously agreed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 May 2025.

Meg Raymond  
**Ombudsman**