

The complaint

Mr O complains that Madison CF UK Limited trading as 118 118 Money irresponsibly lent to him.

Mr O is represented by a Claims Management Company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr O himself.

What happened

Mr O was approved for a 118 118 Money loan for £4,000 in February 2021. He says this was irresponsibly lent to him. Mr O made a complaint to 118 118 Money.

118 118 Money did not uphold Mr O's complaint. They said they asked Mr O for his income and expenditure, and where his expenditure was lower than modelling figures, they used the higher figure. They also completed credit checks, and they said their checks showed no issues with Mr O's disposable income. Mr O brought his complaint to our service.

Our investigator did not uphold Mr O's complaint. She said once the loan repayment was made, Mr O's disposable income would be £124.40 a month, which she thought was a sufficient amount of disposable income. She said Mr O's credit file did not show he was overly indebted, nor that there was any serious concerns about a reliance on borrowing.

Mr O asked for an ombudsman to review his complaint. He disagreed that £124.40 a month income merited the loan being affordable, and if he had an emergency he would have little to no money available to cover this.

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 noted that on part of the communication sent to our service when Mr O brought his complaint to us, there is another 118 118 Money account on the correspondence which appears to be a credit card opened in 2019. The final response from 118 118 Money does not address this separate account, therefore my investigation will only focus on the complaint about the loan he's brought to us.

But if Mr O believes the credit card lending was irresponsible, then he may wish to make a complaint to 118 118 Money. If Mr O has a separate final response letter about that account already, and he's not happy with the outcome, he may be able to bring that complaint to our service if it is within the timeframe set out on his separate letter.

Before agreeing to approve the credit available to Mr O, 118 118 Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the

borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks 118 118 Money have done and whether I'm persuaded these checks were proportionate.

The checks showed that Mr O had declared a net monthly income of £1,636, which was calculated to be a £23,518 gross annual salary. But the checks also showed Mr O had previously defaulted on an agreement in 2015, and he had an active County Court Judgement (CCJ).

It may help to explain here that, while information like a CCJ or default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other information the checks showed, to see if a fair lending decision was made here.

There were total account balances of £9,105 being reported by the CRA that 118 118 Money used. But as the purpose of the loan was for debt consolidation, I wouldn't expect the total account balances to rise by much, or at all.

118 118 Money's checks showed that Mr O had opened no new accounts in the six months prior to his application, and he was not in any arrears in the 12 months prior to his application.

Although Mr O didn't enter any expenditure on his application, 118 118 Money calculated expenditure using Office of National Statistics (ONS) data, which I'm satisfied is fair in the circumstances. They also calculated Mr O's debt repayments. The calculations showed that after all of the expenditure and the new loan repayment was taken into account, Mr O would have £124.40 a month disposable income.

I've considered what Mr O has said about this not being enough money if he had any emergencies. But the figures 118 118 Money used in their calculations does not show his £510.35 a month current outgoings for his debt repayments (excluding the new loan) decreasing as a result of this loan being for debt consolidation. So if Mr O used the 118 118 Money loan to consolidate his debt as the main reason he gave to 118 118 Money, then he would have more disposable income than what they had calculated.

So I'm satisfied that Mr O would be able to afford and sustainably repay the loan repayments. I'm persuaded that 118 118 Money's checks were proportionate, and that they made a fair lending decision to approve the loan for Mr O.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that 118 118 Money lent irresponsibly to Mr O or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require 118 118 Money to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 20 January 2025.

Gregory Sloanes

Ombudsman