

## **The complaint**

Mr M complains that Madison CF UK Limited trading as 118118 Money was irresponsible in its lending to him. He wants all interest and charges he has paid under the agreement refunded along with statutory interest. He also wants £750 for the loss of his credit rating and consequent distress and anxiety he was caused.

Mr M is represented by a third party but for ease of reference I have referred to Mr M throughout this decision.

## **What happened**

Mr M was provided with £1,000 by 118118 Money in April 2024. The loan term was 24 months and Mr M was required to make monthly repayments of £71.16. The total amount repayable was £1,707.84.

Mr M said at the time of the lending he already had a high level of unsecured debt and was unable to meet his existing credit commitments. He didn't think that adequate checks were undertaken to ensure the repayments would be affordable for him.

118118 Money issued a final response to Mr M's complaint dated 30 August 2024. It said that when assessing Mr M's application, it took into account the information he provided along with the other information available to it. It said that Mr M was asked several questions about his income and expenditure as well as for details of his employment and personal circumstances. It then used verification checks to validate the information provided. It said that Mr M declared all the information he provided was true and complete and it provided him with the details about the repayments he needed to make. It didn't accept that it had lent irresponsibly.

Mr M referred his complaint to this service.

Our investigator thought the checks carried out by 118118 Money before the loan was provided were reasonable given the level of borrowing. He then considered whether the checks raised concerns that meant the lending shouldn't have been provided. Based on the information he saw he didn't think the lending should have been considered unaffordable or that there were other reasons not to provide the loan. Therefore, he didn't uphold this complaint.

Mr M didn't agree with our investigator's view. He reiterated that he was already struggling with his debts and referred to his previous county court judgements. He said the interest rate applied was extremely high and disproportionate to the amount borrowed and worsened his financial situation. He said 118118 Money failed to assess his financial circumstances fully or take into account his financial vulnerabilities.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before the loan was provided, 118118 Money gathered information about Mr M's employment and income. Mr M declared that he was employed with a monthly net income of £1,276 and this was validated with a credit reference agency. 118118 Money said that the credit commitments information provided was checked against Mr M's credit report and that average figures were used to assess the other information provided.

Considering the size and term of the loan the repayments required compared to Mr M's monthly income, I find the checks carried out were reasonable. However, just because I think the checks were proportionate this doesn't necessarily mean that I think the lending should have been provided. To assess that I have looked through the information gathered to understand whether this raised concerns that the lending may not be sustainably affordable for Mr M or that there were other reasons why the loan shouldn't have been provided.

118118 Money gathered information through credit checks. One of the reports showed Mr M had total outstanding balances at the time of £939 split between his loan balances of £482 and his revolving credit of £457. While Mr M was utilising 99% of his revolving credit limit he was within the limit. I do not find this, or his overall level of debt, were enough to say that the loan shouldn't have been provided.

Mr M's credit file showed he had recent defaults or current adverse data, he did have two county court judgments. These had a total outstanding balance of £877. While I think this needed to be taken into account, both in terms of Mr M's experience of previous financial difficulties and also in regard to any repayments due, given the judgements were historic (March 2019 and June 2022) and Mr M didn't appear to be struggling with his credit commitments at the time, I do not find these meant that the loan shouldn't have been provided.

That said, given Mr M had experienced financial issues previously and his credit file showed he had made frequent use of short-term loans, I think it was important to ensure that any further credit would be sustainably affordable for him. Looking through the income and expenditure data against the other available information (such as Mr M's credit file) I do not find that 118118 Money was wrong to rely on the information it gathered. This gave Mr M a calculated disposable income after the 118118 Money repayments of around £256. While this isn't a large amount of money for unforeseen expenses, as Mr M's housing costs, credit commitments and other regular outgoings were included in the calculation, I do not find I have enough to say that this showed the lending to be unaffordable.

I note the comments Mr M has made about the high rate of interest. However, as the interest rate was provided to him at the time of the loan and he was given the information he needed to understand the repayments he would need to make, I find he was provided with the information he needed to make an informed decision. Had he decided after entering the loan that he no longer wished to continue he could have exercised his right to withdraw.

I've also considered whether 118118 Money acted unfairly or unreasonably in some other way given what Mr M has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think 118118 Money lent irresponsibly to Mr M 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.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 April 2025.

Jane Archer  
**Ombudsman**