

## **The complaint**

Mr L complains that Madison CF UK Limited trading as 118 118 Money lent irresponsibly when it approved his loan application.

## **What happened**

Mr L applied for a loan of £2,000 with 118 118 Money in September 2018. In his application, Mr L said he was earning £3,132 a month and had housing payments of £300. 118 118 Money carried out a credit search and found some previous defaults but no County Court Judgements or other adverse information. 118 118 Money found Mr L owed around £13,700 and was making monthly repayments of £482. 118 118 Money applied an estimate of Mr L's regular outgoings, based on nationally recognised statistics, of £680 a month. Overall, 118 118 Money calculated that after meeting his existing commitments Mr L had an estimated disposable income of £1,462 a month. 118 118 Money says it applied its lending criteria and approved Mr L's loan application with monthly repayments of £128.46 over a two year term.

The funds were issued to Mr L who repaid the loan in line with the credit agreement. There were no missed payments. Last year, representative acting on Mr L's behalf complained that 118 118 Money had lent irresponsibly when it approved his loan application. 118 118 Money issued a final response but didn't agree it had lent irresponsibly and didn't uphold Mr L's complaint.

An investigator at this service looked at Mr L's complaint. They thought 118 118 Money had carried out reasonable and proportionate lending checks before approving Mr L's loan and that the decision to proceed was fair based on the information it obtained. The investigator wasn't persuaded 118 118 Money lent irresponsibly and didn't uphold Mr L's complaint. Mr L asked to appeal, so his complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say 118 118 Money had to complete reasonable and proportionate checks to ensure Mr L could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may

choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've looked at Mr L's application information and can see he declared an income of £3,132 a month. 118 118 Money uses a tool provided by the credit reference agencies that looks at current account turnover to verify the level of income being received. 118 118 Money's check returned a monthly income figure of £3,006. Whilst slightly lower, it's in line with the details Mr L provided to 118 118 Money and I'm satisfied that was a reasonable income figure for it to use. 118 118 Money uses data from nationally recognised statistics to estimate monthly outgoings and used a figure of £680 for Mr L's general living expenses. That's an approach 118 118 Money is able to take under the rules and I haven't seen anything in the application information available that suggests this wasn't a reasonable way to proceed in Mr L's case.

118 118 Money also carried out a credit search and found Mr L had a mortgage with monthly repayments of around £135 a month. But Mr L had given a monthly housing figure of £300 in his application which is the amount 118 118 Money used in its lending assessment. I'm satisfied that was a reasonable approach. 118 118 Money found Mr L had some previous defaults but there was no other adverse credit recorded. None of Mr L's existing accounts were in arrears at the time of his application and his monthly repayments totalled around £482 a month. I can see that 118 118 Money used that figure in its lending assessment to take Mr L's existing commitments into account. I haven't seen anything on Mr L's credit file information that would've caused 118 118 Money to consider carrying out a more comprehensive approach to his application.

Overall, I'm satisfied the level and nature of the checks 118 118 Money completed were reasonable and proportionate to the loan application for £2,000 Mr L made. I haven't seen anything that would've indicated to 118 118 Money that Mr L wasn't in a position to sustainably afford repayments of £128.46 a month in addition to his existing outgoings. In my view, the decision to approve Mr L's loan application was reasonable in light of the information available to 118 118 Money. I'm sorry to disappoint Mr L but I haven't been persuaded 118 118 Money lent irresponsibly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think 118 118 Money lent irresponsibly to Mr L or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 26 March 2025.

Marco Manente  
**Ombudsman**