

The complaint

Miss A complains that Madison CF UK Limited, trading as 118 118 Money, lent to her irresponsibly.

What happened

In August 2022, Miss A was provided with a credit card by Madison with a limit of £500; the credit limit was never increased. Around two years after opening the credit card, in July 2024, Miss A complained to Madison. In summary, she said it had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

Madison didn't uphold Miss A's complaint. When granting the credit card, it said it reviewed the information Miss A had given in her application for the credit card, as well as conducting a credit check; nothing suggested the credit card was unaffordable for Miss A. So, overall, Madison didn't think it had acted inappropriately in lending to Miss A.

Miss A disagreed and referred her complaint to this Service for independent review. An Investigator here considered what had happened; having done so, they didn't think Madison had done something wrong. In short, the Investigator said:

- The checks carried out by Madison were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Madison any cause for concern. Instead, there was nothing to show that Miss A was struggling financially and/or wouldn't be able to afford the repayments of this credit card.
- Given the checks Madison carried out were proportionate, it wouldn't have needed to undertake further review or ask for more in-depth information – like obtaining Miss A's bank statements – in such circumstances.
- Overall, Madison hadn't acted unfairly or unreasonably in giving Miss A this credit card.

Miss A disagreed, and she maintained that she'd been irresponsibly lent to. Specifically, she stated that Madison should've carried out a more in-depth review of her circumstances; if it had, Miss A said Madison would've seen this credit card was unaffordable for her.

As no agreement has been reached, Miss A's complaint has now been passed to me to decide.

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.

Having done so, although I know this will greatly disappoint Miss A, I agree with the findings of our Investigator, for largely the same reasons. I'll explain why.

Put simply, the rules and regulations in place at the time Miss A was provided with the credit required Madison to carry out a reasonable and proportionate assessment. That's to determine whether she could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Miss A. So, Madison had to think about whether repaying the credit sustainably would cause difficulties, or other adverse consequences. In other words, it wasn't enough for Madison to just consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss A.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g.: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Madison did what it needed to before agreeing to lend to Miss A.

Here, Madison has said it asked Miss A several questions about her circumstances – like details of her income, expenditure and so on – as well as undertaking a credit check. The information Madison gathered showed that Miss A had around £280 left in disposable income, that was after subtracting her existing outgoings *and* applying the cost of this credit card. Additionally, while the data supplied by Credit Reference Agencies ("CRAs") did demonstrate some defaults on other accounts Miss A held elsewhere, these were reasonably deemed historic; the last of which having occurred some years prior to this application.

With all of that in mind then, considering the modest size of the credit limit provided here at £500, and noting that the CRA data didn't raise any concerns, I think the checks undertaken by Madison before lending to Miss A were proportionate. Moreover, having thought about the information gained through Madison's checks, I can't rationally say that providing Miss A with a £500 credit card was irresponsible. Nothing in the data gained about Miss A's income and expenditure, nor her management of other outstanding credit commitments at the time, suggested the lending would be unaffordable.

Overall, I wouldn't have expected Madison to do any further checks or verification in these circumstances; particularly given the level of borrowing here. I know Miss A has raised that all her income was from benefits, but the regulatory guidance allows a lender to include benefit income in its affordability assessments. So, that doesn't change my position.

In closing, I am sorry to disappoint Miss A; I know this won't be the outcome that she's hoping for, and I certainly don't mean to downplay the impact she's said this matter has had. But it's for the reasons I've explained that I don't think Madison acted unfairly or unreasonably here. It follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Madison of its obligations to exercise forbearance moving forward. I would certainly encourage Miss A to keep in regular contact with Madison about any difficulties she's facing.

Finally, 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 don't think Madison lent irresponsibly to Miss A or otherwise treated her 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 don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 14 May 2025.

Simon Louth
Ombudsman