

Complaint

Mr T has complained about personal loans Madison CF UK Limited (trading as “118 118 Money”) provided to him. He says that these loans were unaffordable and shouldn’t have been provided.

Background

118 118 Money provided Mr T with a first loan for £2,000.00 in May 2019. The loan had an APR of 44.9% and a term of 24 months. This meant that the total amount to be repaid of £2,879.04, which included interest, fees and charges of £879.04, was due to be repaid in 24 monthly repayments of £119.96. This loan was settled early with some of the proceeds from loan 2 which was taken in March 2020.

Loan 2 was for a total of £2,235.77. £1,435.77 of the proceeds from this loan went towards repaying the outstanding balance on loan 1. The loan had an APR of 44.9% and a term of 24 months. This meant that the total amount to be repaid of £3,184.80, which included interest, fees and charges of £949.30, was due to be repaid in 24 monthly instalments of £132.70. This loan was settled early in December 2020.

One of our investigators reviewed what Mr T and 118 118 Money had told us. And she thought that 118 118 Money hadn’t done anything wrong or treated Mr T unfairly when providing him with either of these loans. So she didn’t recommend that Mr T’s complaint be upheld.

Mr T disagreed with our investigator’s assessment and asked for an ombudsman to look at his complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr T’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr T’s complaint. I’ll explain why in a little more detail.

118 118 Money needed to make sure that it didn’t lend irresponsibly. In practice, what this means is 118 118 Money needed to carry out proportionate checks to be able to understand whether Mr T could afford to repay before providing him with his loans.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

118 118 Money says it agreed to Mr T's applications after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on credit searches it carried out. In its view, all of this information showed Mr T could afford to make the repayments he was committing to.

On the other hand, Mr T has said he should never have been provided with these loans as they were unaffordable.

I've carefully thought about what Mr T and 118 118 Money have said.

The first thing for me to say is that this wasn't simply a case of 118 118 Money accepting over-optimistic declarations of Mr T's monthly disposable income at face value. 118 118 Money took steps to check Mr T's income and while its credit searches did show that Mr T had some existing debts, these weren't excessive (compared to the amount of his income) and at the time of the applications, at least, were being reasonably managed.

Given what 118 118 Money's credit searches showed, Mr T's income and the rest of the information declared, I'm satisfied that there was no obvious reason for it to question the rest of the information it had obtained during its assessments. As this information suggested that the monthly loan repayments were affordable, I don't think that it was unfair or unreasonable for 118 118 Money to reach this conclusion.

I've also kept in mind that 118 118 Money provided a second loan to Mr T and that sometimes repeat borrowing in itself can be an indication of difficulty. But loan 2 wasn't for much more than the amount of loan 1 and the repayments were similar. Furthermore, Mr T had made all of his repayments to loan 1 on time. As this is the case, I don't think that 118 118 Money ought to have had concerns that it was increasing Mr T's indebtedness in a way that was harmful.

So while the pattern of lending here has seen me take a closer look at the individual applications, I'm satisfied that it wasn't unfair for 118 118 Money to have provided loan 2 to Mr T on the basis that it ought to have realised that it was increasing Mr T's indebtedness in a way that way unsustainable or otherwise harmful.

Given the payments to these loans appear to have been affordable, I'm satisfied that 118 118 Money was reasonably entitled to proceed with Mr T's applications.

In reaching these conclusions, I've also considered whether the lending relationship between 118 118 Money and Mr T might have been unfair to Mr T under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think 118 118 Money irresponsibly lent to Mr T or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything, I don't think that 118 118 Money treated Mr T unfairly or unreasonably when providing him with either of his loans. And I'm therefore not upholding Mr T's complaint. I appreciate this will be very disappointing for Mr T. But I hope

he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 3 July 2025.

Jeshen Narayanan
Ombudsman