

The complaint

Mr H says Madison CF UK Limited, trading as 118 118 Money, irresponsibly lent to him.

What happened

Mr H took out a loan for £2,000 over 24 months from 118 118 Money on 4 August 2019. The monthly repayments were £119.61. He then took a second loan for £2,674.11 over 24 months on 29 February 2020. The monthly repayments were £160.64. It was used in part to repay loan 1.

As Mr H was eligible for a three-month payment break during the pandemic and 118 118 Money did not have the systems functionality to process such breaks, a new agreement was set up which has been referred to as loan 3. There was no new lending decision however, so it is not considered here.

Mr H says 118 118 Money failed to conduct proportionate checks and could have done more prior to lending.

118 118 Money says it carried out adequate checks that showed Mr H could afford the loans.

Our investigator did not uphold Mr H's complaint. She said the lender's checks were proportionate and showed both loans were affordable for Mr H.

Mr H disagreed and asked for an ombudsman's review. He said the lender should have verified his income.

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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Mr H's complaint.

118 118 Money needed to take reasonable and proportionate steps to ensure that it didn't lend to Mr H irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mr H could repay the loans in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Mr H's income and expenditure.

So to decide this complaint I need to consider if 118 118 Money's checks were proportionate; if so, did it make fair lending decisions; if not, what would proportionate checks most likely have shown; and finally, did 118 118 Money act unfairly towards Mr H in some other way.

I've looked at the checks 118 118 Money carried out. For both loans it asked Mr H for his income, residential status and employment status. It says it successfully verified his declared income using an industry standard tool at one of the credit reference agencies. This counters Mr H's appeal that the lender did not check his income. It estimated his declared housing and living costs using national averages. It carried out credit checks to understand his credit history and existing credit commitments. From these checks combined it concluded Mr H had enough monthly disposable income for both of these loans to be sustainably affordable.

I think these checks were proportionate given the value and term of the loans and the monthly repayments relative to Mr H's income. And I think 118 118 Money made fair lending decisions based on the information it gathered. I'll explain why.

In both cases the checks showed Mr H had the monthly disposable income needed to take on the loans – £1,652.39 for loan 1 and £1,321.33 for loan 2. So, I am satisfied both loans were affordable on a pounds and pence basis.

118 118 Money also needed to check Mr H's creditworthiness, not just the pounds and pence affordability of the loans. I can see from its two credit checks that Mr H had around £18,400 of debt at the time of loan 1 and £25,597 at the time of loan 2. Whilst not insignificant, given his relative high salary this meant giving these loans took his monthly spend on credit to 22% and 26% respectively. So, I don't think 118 118 Money needed to be concerned about over-indebtedness at either time. All his accounts were well-managed, there were no arrears or defaults recorded in the 12 months prior to either lending decision. And Mr H was not using an overdraft facility. There were some historic defaults from 2015/16 but given their age I would not see these entries as a reason not to lend given the result of all the other checks.

Overall, I can't see any evidence that Mr H was under financial pressure when he applied. It follows I don't find it was wrong for 118 118 Money to give either loan to Mr H.

I've also considered whether the relationships 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 H 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

I am not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 August 2025.

Rebecca Connelley
Ombudsman