

## **The complaint**

Mr O complains that Madison CF UK Limited trading as 118 118 Money (Madison) lent to him when he could not afford to repay the loan. Mr O also says that Madison failed to take proper account of his vulnerabilities.

## **What happened**

Mr O took one loan from Madison in August 2023. It was for £1,000 repayable over 24 months and the total charge for credit was just over £425. I have used rounded figures in this decision for ease of reading. The amount repayable each month was just over £59. The last scheduled payment was due recently on 28 August 2025. But I understand Mr O entered a repayment plan in January 2025 and then took another loan at better rates and paid off the Madison loan in March 2025.

After Mr O had complained to Madison in December 2024, he received Madison's response and then referred it to the Financial Ombudsman Service. One of our investigators did not think that Madison needed to put things right and the complaint was not upheld. Our investigator did not think that Madison was aware of Mr O's vulnerabilities when he applied for the loan. So, he did not uphold this part of his complaint either. Mr O disagreed and the unresolved complaint was passed to me to decide.

After I had reviewed the complaint I wrote to Madison asking it for additional information to address the issues raised by Mr O about vulnerabilities and fair treatment. I asked about verification of his income and other details. These details were sent to me recently.

## **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 general approach to complaints about unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - on our website.

Taking into account the relevant rules, guidance, and good industry practice, what I need to consider in deciding what's fair and reasonable in the circumstances of this complaint are whether Madison completed reasonable and proportionate checks to satisfy itself that Mr O would be able to repay in a sustainable way? And, if not, would those checks have shown that Mr O would've been able to do so?

If I determine that Madison did not act fairly and reasonably in its dealings with Mr O and that he has lost out as a result, I will go on to consider what is fair compensation.

The rules and regulations in place required Madison to carry out a reasonable and proportionate assessment of Mr O's ability to make the repayments under this agreement. This assessment is sometimes referred to as an "affordability assessment" or "affordability check."

In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or

financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

I think that a reasonable and proportionate check ought generally to have been *more* thorough:

- the *lower* a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all the arguments, evidence and information provided in this context and what this all means for Mr O's complaint.

Mr O has made many submissions all of which I have read.

Mr O has sent to us a number of Financial Ombudsman published decisions. We approach each complaint on its own merits.

I am aware from our own complaint records that Mr O has used our service multiple times and has taken other high-cost loans in the past as well as this Madison one. The issue surrounding Mr O's credit file recorded through Madison in relation to a payment for this loan in September 2024 has been resolved by a fellow ombudsman in May this year and I have no need to revisit that.

Mr O has said that the significance of him being in a Debt Relief Order (DRO) from November 2020 should not be underestimated. I am aware of the significance of that kind of insolvency arrangement. There was a moratorium period of one year which related to the qualifying debts and I have seen a copy of that order on another of Mr O's complaint files we have here at the Financial Ombudsman Service.

Mr O has said '*Had proper checks been conducted—especially involving proof of income, employment, and residency—they would have revealed that my financial commitments already exceeded my capacity to repay additional credit sustainably.*'

Mr O had informed Madison that he was employed full time for which he was paid £1,422 a month. He was renting his property, he was married and had no dependents. I asked Madison if it had verified that income and it has told me that it did using a credit reference agency tool used industry wide.

Madison used the following figures for his rent and other outgoings as £266 and £597, respectively. Madison explained to me that it used figures provided by Mr O when he applied

*'...along with information gathered from the credit report and modelling of average ONS figures to establish outgoings. Where these figures differ from the information provided by the consumer, we will use the lower figure in the case of income, and the higher figures in the case of expenditure, to ensure that we are providing a fair lending decision.'*

So, Fair Finance used a total of £863 as outgoings for rent and other expenses.

The credit search Madison carried out has been sent to me and I have reviewed it. It showed that Mr O's overall debt balance in August 2023 was relatively modest at £2,291 of which £597 was the balance across his revolving credit (which includes credit card accounts) and £1,394 was as loans. Having obtained information about Mr O's credit situation, Madison calculated that usually he paid £133 each month towards his credit accounts.

Madison calculated that Mr O had a disposable income of around £425 and so the loan repayment of just over £59 a month looked affordable.

I've looked in detail at the credit search records gathered by Madison.

Mr O has referred to his DRO. Madison was aware of the DRO when Mr O applied in August 2023 as it had carried out a credit search. It has termed the DRO as historic but I do not interpret that to be disparaging as Mr O may have interpreted it to be – rather just a factual statement. Madison is the sort of lender which does not necessarily refuse loan applications due to an applicant's adverse credit history.

And as the credit search showed there were multiple defaults which all related to the DRO. Being familiar with how DRO's work, then the dates in the records demonstrate that those older defaults linked with the DRO from which Mr O had been discharged on 3 November 2021. The DRO, albeit a serious insolvency step for Mr O to have taken, meant that having been discharged from the DRO all those debts were effectively cleared. And Madison would have known that. And so, Madison was correct to call them historic.

The more recent credit account management history showed little to cause Madison concern of a nature to precipitate a loan refusal.

I have reviewed that record and I have seen that Mr O had a credit card (opened February 2023) with a balance of £340 on a £350 credit limit and no missed or late repayment markers. He had been £9 over the limit in July 2023 but that other lending company had not considered it serious enough to record an adverse payment marker. Mr O had rectified that small overlimit point, and I do not consider it unusual for individuals occasionally to go over a limit. It's not necessarily, on its own, a significant indicator of a financial concern.

Mr O had another credit card opened in March 2022 which had a similar credit limit, outstanding balance, and satisfactory repayment history. He had a utility account which had a satisfactory record. Mr O had taken a loan in November 2022 for which he was repaying at £104 a month and there were no repayment concerns. Mr O had opened his sole current account just before the DRO had completed and there was no overdraft and no issues recorded with the account. Mr O had a joint Building Society account as well with no reported issues.

Overall, I am satisfied that Madison carried out proportionate checks and that the loan looked affordable. I do not uphold the complaint about the irresponsible lending.

#### *Mr O's vulnerabilities*

Mr O has included as part of his complaint that he has been, and was at the time he applied to Madison, suffering from various physical and mental health conditions which he says further compounds...

*'...difficulties I face in navigating complex financial decisions. These conditions classify me as a vulnerable customer under the FCA's Guidance on the Fair Treatment of Vulnerable Customers (FG21/1), which requires lenders to take extra care when assessing the suitability of credit agreements.'*

On the vulnerability issue and that Mr O has difficulties making complex financial decisions, if Madison was unaware of that when he applied for the loan then there's little I can criticise it for on that element. There's no evidence from the account notes that show me Madison was aware or ought reasonably to have been aware of these mental and physical difficulties when Mr O applied for the loan in August 2023.

I have seen that Mr O first raised the issue of struggling to repay in December 2024 and he asked for a payment holiday. The account was placed on hold for 30 days until late January 2025. And it was in January 2025 that the account notes demonstrate Mr O

explained his personal circumstances. Madison classified him as a vulnerable customer at that point. Mr O gave Madison permission to record that information.

In its final response letter, I note that Madison addressed the issue of mental capacity to make decisions and cited the Financial Conduct Authority (FCA) Consumer Credit Sourcebook (CONC) chapter 2.10. I am familiar with this series of FCA provisions. Having read the final response letter by Madison then I do not re-rehearse those points here, but I agree with how Madison has explained itself on this point.

I'm sorry to say that there's no evidence that Madison would have known of Mr O's abilities or lack of abilities at the time he applied for the loan unless Mr O had informed it. And even then, that information being communicated to Madison would not, on its own, automatically lead a lender such as Madison to refuse to deal with his application.

Now I've received the account notes from Madison I am satisfied that Mr O had not informed Madison about his difficulty handling these sorts of decisions when he applied in August 2023. I do not uphold this part of Mr O's complaint.

Mr O has said that Madison being aware of his DRO in the past and that he was over the limit on one credit card ought to have been '*clear indicators*' to have raised concerns about his wellbeing. I don't agree and I repeat what I have outlined and discovered from more detailed notes received from Madison.

#### *Madison's treatment of Mr O since the loan was approved*

The statement of account for this Madison loan I have seen shows that Mr O repaid the £59 each month satisfactorily on the whole but not all the time. There's evidence of missed repayments.

I asked Madison for more detailed account notes to demonstrate to me how it treated Mr O during the life of the loan. I understand Mr O has repaid it now.

As I said earlier in this part of the decision, the notes show me that Mr O first raised the issue of struggling to repay in December 2024 and he asked for a payment holiday. The account was placed on hold for 30 days until late January 2025. In the meantime, Mr O filled in a budget account and the repayment plan of £20 a month was arranged to start when the account hold expired on 28 January 2025. This started and then Mr O repaid the loan late February which registered as having cleared the loan in early March 2025.

Overall, I can't see that Madison has treated Mr O unfairly. It has accommodated him in his handling of the debt.

I do not uphold these elements of the complaint.

I've also considered whether Madison acted unfairly or unreasonably in any other way and I have considered 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 it lent irresponsibly to Mr O 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 the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 October 2025.

Rachael Williams  
**Ombudsman**