

The complaint

Mr O complains that Madison CF UK Limited trading as 118 118 Money was irresponsible in its lending to him. He wants all interest and charges on his loans refunded along with statutory interest and any adverse information regarding the loans removed from his credit file.

Mr O is represented by a third party, but for ease of reference I have referred to Mr O throughout this decision.

What happened

Mr O was provided with three loans by 118118 Money, the details of which are set out below. He was also provided with a credit card and his complaint regarding that is being dealt with separately.

Loan	Date	Amount	Term	Monthly repayments
1	March 2020	£1,000	24 months	£65.03
2	October 2020	£2,000	24 months	£129.80
3	July 2021	£2,500	36 months	£123.97

Mr O said that adequate checks weren't carried out before the loans were provided. He said that he had other debts outstanding at the time and the lending wasn't responsible.

118118 Money issued a final response to Mr O not upholding his complaint. It said that it gathered information about Mr O's income and expenditure, and his personal circumstances and employment details. It then used industry standard tools to verify his income, along with information gathered from the credit reference agencies and other third-party data to establish his outgoings. It said that Mr O's credit check didn't raise concerns, and the loans appeared affordable.

Mr O referred his complaint to this service.

Our investigator didn't uphold this complaint. He thought the checks carried out before the loans were given were proportionate and as these suggested the loans to be affordable for Mr O he didn't find that 118118 Money was wrong to provide the loans.

Mr O didn't accept our investigator's view. He said that his credit file showed he had a pattern of high-cost and short-term borrowing, and his total debt was increasing. He noted he was taking out cash advances and his revolving credit accounts were often close to their limits. He said this should have raised concerns and triggered more detailed affordability checks.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

This decision relates to the three loans provided to Mr O by 118118 Money. Before these loans were provided, 118118 Money gathered information about Mr O's employment and income and his residential and marital status. Mr O declared that he was employed full time, with a monthly income of £1,800, single and living in rented accommodation. Mr O's income was verified using an industry tool and credit checks were carried out. The credit check showed that Mr O had previously experienced financial issues, with two defaults recorded. However, these were historic (most recent recorded in August 2017) and his more recent credit data didn't raise any serious issues. Given the size of the loans being provided, and the repayment amounts compared to Mr O's income, and noting the results of the credit checks, I find the checks carried out before the loans were given were proportionate.

However, just because I think the checks were proportionate, it doesn't necessarily mean that I think the loans should have been lent. To assess this, I have considered the information 118118 Money received through its checks, and the other information available to it regarding Mr O's account history, to see if this should have raised issues which meant the loan shouldn't have been given.

Loan One: March 2020

Loan one was for £1,000 with 24 monthly repayments of around £63. Mr O's verified income was £1,800. As noted above he did have defaults recorded on his credit file, but these were historic and given his active accounts were being well managed, I do not find the historic data meant that further lending shouldn't have been provided.

Mr O's credit report showed total debts of around £1,996. While Mr O was utilising most of his revolving credit limits and had taken out cash advances, noting the size of his total debt, I do not think this was enough to suggest that Mr O was struggling financially. Including an amount for Mr O's credit commitments and estimated amounts for his housing and living costs left him with disposable income after the 118118 Money loan of around £650. Based on this I do not find I can say that the loan appeared unaffordable or there were other reasons why it shouldn't have been provided.

Loan Two: October 2020

Loan two was for £2,000 with 24 monthly repayments of around £130. As with loan one, Mr O's verified income was £1,800. As this was Mr O's second loan, 118118 Money had access to his repayment history from the first loan. Mr O made the required repayments on loan one and settled the loan early in July 2020. So, I do not find that his previous account

management should have raised any concerns.

Mr O's credit report showed that both his historic defaults had been satisfied, and he was managing his active accounts without issue. His total debts had increased to around £4,921 but he had reduced his use of his revolving debt, utilising around 20% of his available limits. While the increased debt needed to be factored into Mr O's costs, I do not find this level of debt compared to his income should have raised concerns and as the other indicators suggested he was managing his existing commitments I do not find his credit report presented data that meant this loan shouldn't have been given.

Based on Mr O's income of £1,800, his existing credit commitments of around £225 and his estimated housing and living costs, he had disposable income after the 118118 Money repayments of around £530. I do not find this should have raised concerns about the affordability of the loan.

Loan Three: July 2021

Mr O was provided with a third loan by 118118 Money. This was for £2,500 with monthly repayments over a 36 month term of around £124. Before this loan was given, Mr O had repaid his second loan. His account management of the second loan showed he made the required repayments without issue before settling the account early in May 2021. While Mr O had managed his previous loan accounts well, I think that 118118 Money should have begun to consider Mr O's pattern of borrowing as while he was settling his loans early, he was then taking out new, larger loans within a few months. While I do not think there was enough at this point to say this meant the loan shouldn't have been provided, it is something that should have been considered.

Mr O's credit check results didn't raise issues about how he was managing his active accounts, but it did show that his outstanding debt had increased to around £24,814. This debt included a small amount of revolving debt with £23,615 being loans / instalment credit. While this increase in Mr O's debts could be a concern, I can see that around half was accounted for by a hire purchase agreement and while Mr O had taken out another unsecured loan around three months before this one, I do not find, at this stage, his debt profile and total level of debt was such that it meant this loan shouldn't have been provided.

Mr O again declared his income as £1,800. His credit commitments had increased meaning he was now paying around £730 a month. While this was a significant portion of his income, based on the other estimates used for his housing and living costs and the repayments due under this loan, Mr O was still left with disposable income of around £210. While this was lower than with his previous loans, I do not find it was such that I can say the lending should have been considered unaffordable.

Taking everything into account, I do not find I have enough to say that 118118 Money was wrong to provide loan three.

In conclusion, while I note the comments Mr O has made about the lending, in this case, I do not find I can uphold his complaint.

I've also considered whether 118118 Money acted unfairly or unreasonably in some other way given what Mr O has complained about, including whether its relationship with him might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think 118118 Money 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 this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 9 October 2025.

Jane Archer
Ombudsman