

The complaint

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

What happened

Mr G took out a loan for £1,000 over 12 months from 118 118 Money on 24 July 2019. The monthly repayments were £102.25. He then took a second loan for £2,255.58 over 24 months on 8 February 2020. The monthly repayments were £134.40. It was used in part to repay loan 1. As Mr G was eligible for a three-month payment break during the pandemic and 118 118 Money did not have the functionality to process such breaks, a new agreement was set up. There was no new lending decision so it is not considered here.

Mr G says 118 118 Money did not complete the correct affordability checks and as a result he fell behind with his payments.

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

Our investigator did not uphold Mr G's complaint.

Mr G disagreed and asked for an ombudsman's review. He said the lender did not do the right checks.

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 G's complaint.

118 118 Money needed to take reasonable and proportionate steps to ensure that it didn't lend to Mr G irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mr G 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 G'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 G in some other way.

I've looked at the checks 118 118 Money carried out. It asked Mr G for his income, outgoings, and residential and employment status. It says it verified his declared income using an industry standard tool and reduced it accordingly. And that it sense checked his declared housing and living costs using national averages, and increased them if they were

lower. It carried out a credit check to understand his credit history and existing credit commitments. From these checks combined it concluded Mr G had enough monthly disposable income for both these loans to be sustainably affordable.

Whilst in principle these checks seem proportionate given the loan values and term, there is a complication in this case. I can see from the checks that Mr G declared a lower income and higher housing costs than 118 118 Money used in its affordability assessment. It is unclear why it made such adjustments – this is contrary to the approach it has said it typically uses, which is to use the higher of the declared versus the estimated costs and the lower of the declared versus the verified income.

To understand what it would most likely have learnt had it used its standard approach I have reviewed Mr G's bank statements for the three months prior to each lending decision. I have taken into account Mr G's salary and benefits; his non-discretionary costs and all his existing credit commitments to calculate his monthly disposable income. I am not saying 118 118 Money needed to ask for bank statements but it is a reliable way for me to recreate what affordability assessments based on verified income and the higher of declared costs/national averages and credit repayments would likely have shown.

In both cases the data shows Mr G had the disposable income needed to take on the loans –the investigator said £400 for loan 1 and £325 for loan 2, if anything I would say these are understated as I can see Mr G often paid more than the contractual minimum on his existing cards and we would only expect 118 118 Money to allow for a repayment of 5% of revolving balance. So, I am satisfied both loans were affordable on a pounds and pence basis.

118 118 Money also needed to check Mr D's creditworthiness, not just the pounds and pence affordability of the loans. I can see from its two credit checks that Mr D had over £30,000 of debt on both occasions, though the total fell between loans 2 and 1. The majority of that debt was across two hire purchase agreements. His revolving credit utilisation was 51% at the time of loan 1 and 74% at the time of loan 2. But this was largely driven by a reduction in limits rather than a significant increase in the value of this revolving debt. All accounts were well-managed, there were no arrears or defaults recorded in the 12 months prior to either lending decision. Mr D was not using an overdraft facility or payday loans.

The checks also confirmed that he wasn't subject to any public records such as bankruptcy, County Court Judgements (CCJs), or Individual Voluntary Arrangements (IVAs).

So in the round I can't see any evidence that Mr D was having financial difficulties.

It follows I don't find it was wrong for 118 118 Money to give either loan to Mr D.

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 D 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 G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 4 August 2025.

Rebecca Connelley
Ombudsman