

Complaint

Ms O has complained about a credit card Madison CF UK Limited (trading as “118 118 Money”) provided to her. She says credit card was irresponsibly provided as it was unaffordable for her.

Background

118 118 Money provided Ms O with a credit card with a limit of £1,200.00 in October 2021. The limit on the credit card was never increased.

One of our investigators reviewed what Ms O and 118 118 Money had told us. She thought that 118 118 Money hadn’t done anything wrong or treated Ms O unfairly in relation to providing the credit card. So she didn’t recommend that Ms O’s complaint be upheld.

Ms O disagreed and asked for an ombudsman to look at the 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 Ms O’s complaint.

Having carefully considered everything, I’ve decided not to uphold Ms O’s complaint. I’ll explain why in a little more detail.

118 118 Money needed to make sure 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 Ms O could afford to repay any credit it provided.

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 initially agreed to Ms O’s application after it obtained information on her income and occupation, her residential situation and also carried out a credit search on her. It says that the information it obtained indicated that Ms O would be able to make the monthly repayments due for this credit card. On the other hand, Ms O says that she shouldn’t have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Ms O was provided with a revolving credit facility rather than a loan. This means that 118 118 Money was required to understand whether a credit limit of £1,200.00 could be repaid within a reasonable period of time, rather than all in one go. It's fair to say that a credit limit of £1,200.00 didn't require especially large monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information 118 118 Money obtained from Ms O about her income and what was on the credit search carried out. 118 118 Money says that Ms O declared being employed full-time and earning around £3,000.00 a month. Ms O also declared that she was renting and had monthly living expenses.

118 118 Money's credit check did indicate that Ms O had had previous difficulties with credit in the form of defaulted account recorded against her and she had previously entered into an Individual Voluntary Arrangement ("IVA"). However, it considered this to be historic as these events took place more than three years prior to this application.

Bearing in mind that Ms O hadn't had any significant adverse information recorded against her for three years, I don't think that her previous adverse information automatically means that Ms O shouldn't have been lent to. Ultimately, it was up to 118 118 Money to decide whether it wished to accept the credit risk of taking on Ms O as a customer provided it was reasonably entitled to believe that the credit was affordable.

However, given what it knew about Ms O, I can't see how 118 118 Money could reasonably have been satisfied that she would be able to make the required repayments, should she end up owing £1,200.00, without finding out about her actual regular living costs. As 118 118 Money hasn't provided me with any indication that it did find out about Ms O's actual regular living costs, I've not been persuaded that the checks it carried out before it provided Ms O with this credit card were reasonable and proportionate.

That said, I've not been persuaded that 118 118 Money finding out more about Ms O's circumstances would have made a difference here. I say this because having been provided with significant opportunity to do so, Ms O hasn't provided me with anything that clearly shows that her monthly committed living costs were substantially higher than the combination of declared information and statistical data which 118 118 Money used.

Equally, there is nothing else that has been provided to me which shows me that had 118 118 Money obtained these actual living costs, it would more likely than not have learned that the monthly payments that could be due on this card were more likely than not unaffordable for Ms O.

Bearing all of this in mind and having considered it all in the round, I'm not persuaded that 118 118 Money carrying out further checks would have led to it deciding against providing this credit card to Ms O.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Ms O might have been unfair to Ms O under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that 118 118 Money irresponsibly lent to Ms O or otherwise treated her 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.

Overall and having considered everything, while I'm sorry to hear that Ms O had difficulty making her payments, I've not been persuaded that 118 118 Money treated Ms O unfairly or unreasonably when agreeing to provide her with a credit card. So I'm not upholding this complaint. I appreciate this will be very disappointing for Ms O. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Ms O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 29 September 2025.

Jeshen Narayanan
Ombudsman