

The complaint

Mr M complains that Madison CF UK Limited trading as 118 118 Money ("118 118 Money") irresponsibly provided him with a loan he couldn't afford and didn't take into consideration his previous bankruptcy.

What happened

Mr M applied for and was approved for a personal loan by 118 118 Money in July 2024. The loan was for £5,000 and was to be repaid over 36 months with monthly instalments of £244.

In January 2025, Mr M complained to 118 118 Money that it had provided the loan irresponsibly.

On 24 January 2025, 118 118 Money issued Mr M with a final response letter ("FRL"). Under cover of this FRL, 118 118 Money explained how it assessed Mr M's affordability for the loan and to say that it was satisfied it hadn't lent irresponsibly.

Unhappy with this FRL, Mr M brought his complaint to our service.

Our investigator didn't uphold Mr M's complaint.

Mr M didn't agree so his case has been passed to me to make 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.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

118 118 Money will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr M's complaint. Having looked at everything I've decided to not uphold Mr M's complaint for broadly the same reasons as our investigator and I've explained why below.

118 118 Money's decision to grant Mr M a £5,000 loan in July 2024

118 118 MONEY was required to lend responsibly. It needed to conduct checks to make sure that the loan it offered to Mr M was affordable and sustainable. Such checks needed to be proportionate to things like the amount of credit offered to Mr M and how much he had to repay each month.

This means to reach my decision I need to consider if 118 118 Money carried out proportionate checks at the time of Mr M's application; if so, did it make a fair lending decision based on the results of its checks; and if not, what further and proportionate checks would most likely have shown.

Mr M was approved for a £5,00 loan with monthly payments of £244. The total cost of the loan was £8,796.

As part of Mr M's application, he declared he was employed full time and receiving an income of approximately £1,950 a month.

118 118 Money says it conducted a credit check to determine whether to lend to Mr M and also took into consideration the information Mr M provided in his application. 118 118 Money, from the credit checks it conducted and the information Mr M provided, assessed his living expenditure to be in the region of £849 a month, housing repayments to be £275 and other credit commitments of £300. This totalled expenditure of approximately £1,424. 118 118 Money said that this gave Mr M a disposable income in the region of £525 a month or £280 a month taking into consideration the new 118 118 Money loan repayment.

118 118 Money said there wasn't any recent adverse information on Mr M's credit file (although several historical defaults) and a loan of £5,000 appeared affordable for him. On the other hand, Mr M told us that it wasn't affordable and there were previous defaults on his credit file including a bankruptcy which should have been considered. Mr M has also shared some sensitive personal information with us for which I'm grateful for. I'm sorry to hear about the difficult and challenging times Mr M had to endure and I hope his fortunes have since improved. Mr M also told us that during these times he had resorted to gambling and taking on further credit cards to try and improve his credit rating.

I've carefully thought about what Mr M and 118 118 Money have said.

118 118 Money didn't just simply accept what Mr M said. It carried out credit searches which showed that Mr M had no recent adverse information on his credit file that it could see. And I don't think that it was unreasonable to rely on Mr M's declarations, which suggested that the repayments were affordable given he was left with a disposable income of around £280 a month, after taking into consideration the new loan with which to afford any other unexpected payments. And this information, including Mr M's declared income was confirmed by using credit reference agency and national statistical data.

So, from what 118 118 Money told us and from the evidence I've seen, Mr M didn't have any recent adverse information such as defaulted accounts or county court judgements recorded against him at the time he applied for the loan (and which on the face of it suggests Mr M was reasonably managing the credit he had already been provided with). I appreciate that Mr M has referenced historical defaults including a bankruptcy that he considers should have

been considered. But previous adverse information won't automatically debar a consumer from being provided with further credit and nor should it. There's a balance to be maintained between businesses taking into consideration the previous history of consumers and to lend responsibly and ensuring it doesn't discriminate against consumers who may have had previous historical defaults but no recent adverse credit information and who want to borrow more and improve their credit rating. Ultimately, 118 118 Money had to be satisfied, from the recent information it saw and was provided with, that Mr M could afford the credit it offered and that he could do so going forward. And on balance, from the evidence I've seen, I'm satisfied he could.

I accept that Mr M has told us that his actual circumstances may not have been fully reflected either in the information he provided, or the information 118 118 Money obtained. Mr M told us that he was struggling financially in 2024 and was off work for a time due to a sensitive personal issue he told us about. However, I've not seen any evidence that he let 118 118 Money know about this until he made his complaint to it. And in its final response, 118 118 Money signposted Mr M to organisations that may be able to help him going forward and which I hope he considers if appropriate to do so.

But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the amount of the monthly repayments and the lack of other obvious indicators of an inability to make the monthly repayments for the loan in the information 118 118 Money did obtain, I don't think that reasonable and proportionate checks would have extended into requesting the information that would have shown Mr M's personal issues at the time (such as requesting bank statements).

At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr M's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Mr M's circumstances - was the only way that 118 118 Money could have done this. I don't think 118 118 Money needed to go as far as requesting and reviewing bank statements for example. And given the fact that Mr M wanted and applied for this loan, I'm not sure he would have disclosed his full financial situation in the knowledge that if he had, the loan may not have been approved.

So on balance, I don't think that 118 118 Money did anything wrong when deciding to lend to Mr M - it carried out proportionate checks (albeit I accept that Mr M doesn't agree that these went far enough) and reasonably relied on what it found out which suggested the repayments were affordable.

I'm sorry to hear Mr M's circumstances were more difficult than 118 118 Money was aware of, and that this loan contributed to further financial difficulties for him. I've considered whether there were any signs that Mr M would struggle to afford as well as sustain these loan repayments, but I can't fairly conclude that 118 118 Money received information about his finances suggesting this would be the case.

So overall I don't think that 118 118 Money treated Mr M unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr M's complaint. I appreciate this will be very disappointing for Mr M as I can see that he feels strongly about this matter. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Did 118 118 Money act unfairly in any other way?

Mr M also told us that 118 118 Money applied adverse information to his credit file after he missed two repayments at a time he was trying to improve his credit rating. 118 118 Money had a responsibility to accurately record any adverse information to credit reference agencies. From my understanding, this default has since been removed and 118 118 Money offered Mr M a goodwill payment of £50 in relation to a breakdown in communication. So on balance, I don't think 118 118 Money needs to do anything more in relation to this.

I've also considered whether 118 118 Money acted unfairly or unreasonably in any other way, including whether the relationship between Mr M and 118 118 Money 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 M 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.

Although I'm not upholding Mr M's complaint, I would like to remind 118 118 Money of its ongoing obligation to exercise forbearance and due consideration if Mr M has difficulty making his existing loan payments going forwards.

My final decision

My final decision is that I don't uphold this complaint against Madison CF UK Limited trading as 118 118 Money.

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

Paul Hamber
Ombudsman