

The complaint

Mr B complains that Madison CF UK Limited trading as 118 118 Money (Madison) lent to him irresponsibly.

What happened

Mr B opened a credit card account with Madison on 7 March 2019 with a credit limit of £250. No further limit increases were provided on this account.

On 6 February 2025, Mr B complained to Madison with the help of a professional representative. In his complaint, Mr B said at the time of the lending Madison failed to perform proportionate checks and lent to him unfairly. He thinks that if Madison had completed proper checks, it would have known the lending wasn't sustainable.

Madison looked into the complaint and issued a final response letter saying it didn't think it had acted unfairly. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies (CRA) held about Mr B and assessing his income and expenditure.

Mr B didn't accept Madison's response, so he referred his complaint to our service, again with the help of a representative. One of our investigators looked into the case. Based on the evidence that was available, our investigator said she couldn't reasonably conclude that the lending was irresponsible, or that the relationship was unfair.

Mr B didn't accept what our investigator said, so as there was no agreement, the complaint has been passed to me to decide.

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.

Having done so, I agree with the outcome the investigator reached for broadly the same reasons.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Madison carry out reasonable and proportionate checks to satisfy itself that Mr B was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Madison make a fair lending decision?
- Did Madison act unfairly or unreasonably towards Mr B in some other way?

Madison had to carry out reasonable and proportionate checks to satisfy itself that Mr B would be able to repay the credit sustainably. It's not just about Madison assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Madison has explained that it carried out a full credit search to get an understanding of Mr B's situation before it decided to lend to him. It's provided a copy of what it found, and this shows that Mr B was up to date with all other accounts and didn't appear to be over indebted or struggling to manage his finances. Mr B has said at the time of entering into the agreement he had a recent default (around six months before the lending). Madison also noted the default, but said given the low level of lending, along side the other information it had gathered, it didn't think the default meant the lending was unaffordable.

Through its searches Madison found that Mr B had a loan and other credit cards which he was paying around £327 to. He was maintaining the accounts well and there were no recent late payments, debt management plans, bankruptcies or IVA's recorded.

Before lending to Mr B, Madison also asked him about his income, and he declared that he had a monthly income of £1,880. However, it found he was likely earning £1,504, so it used this lower figure in its calculations which is reasonable to ensure affordability. Madison used data from the Office of National Statistics (ONS) to establish Mr B's likely expenditure. It found that after payments for housing, credit (including repayments to this credit card) and other expenses, Mr B would have a disposable income of over £650 which is reasonable.

Mr B thinks a more detailed assessment of his expenditure should have been completed. Madison applied estimates for Mr B's regular living expenses using nationally recognised statistics. These are based on national averages – so inevitably some customers will spend more than the averages given and others less. This is an approach it's allowed to take under the relevant lending rules. Madison's checks using the ONS led it to use less favourable amounts for income and expenditure than those shared by Mr B. In other words, it used a lower figure for his income and a higher figure for his expenditure. This, in conjunction with the disposable income and the credit check, which didn't reveal any signs of current financial difficulties, persuades me that the checks Madison completed were reasonable. So, I'm satisfied it was fair for Madison to use ONS data, in addition to the other information it gathered about Mr B when considering the application.

Madison needed to satisfy itself that Mr B would be able to repay the debt in a sustainable way, within a reasonable period. In this instance, Madison offered a credit limit of £250. So, sustainable repayments - allowing Mr B to repay the interest charged and part of the capital - would be around £15-20. This represents a low proportion of Mr B's monthly income and left him with a healthy disposable income.

Looking at the evidence, I can see sustainable monthly repayments were low. There was also no information from the credit file data Madison gathered, that indicated Mr B was struggling with his finances as of March 2019 or that he would struggle to repay the credit.

So, the checks Madison completed were reasonable and proportionate to the amount and type of credit it went on to approve. And I'm satisfied the decision to approve a new account with a limit of £250 was reasonable based on the information Madison obtained about Mr B's circumstances. I'm very sorry to disappoint Mr B but overall, I'm not persuaded that Madison created unfairness in its relationship with him as a result of its decision to lend.

Mr B seems to have managed the account in a reasonable way since March 2019, and I haven't seen any other evidence that demonstrates Madison treated Mr B unfairly in any other way.

So, based on the available evidence, I'm not satisfied that Madison created unfairness in its relationship with Mr B by lending to him irresponsibly, or in the way it handled the account under the credit agreement. So, I don't find that Mr B's relationship with Madison was unfair, and I can't conclude Madison treated Mr B unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 October 2025.

Charlotte Roberts
Ombudsman