

The complaint

Mr H has complained that Madison CF UK Limited trading as 118 118 Money (Madison) unfairly provided him with a loan.

What happened

On 18 September 2021, Mr H entered into a loan agreement with Madison as shown below, to consolidate his debt.

Date	Amount of credit	Term	Monthly payment	Total repayable
18 September 2021	£1000	24 months	£60.77	£1,458.48

On 11 August 2024, Mr H complained to Madison with the help of a professional representative. In the complaint, Mr H said he didn't think Madison had lent responsibly to him. He felt it had failed to undertake a reasonable assessment of his creditworthiness at the time of the lending. He's said had Madison completed the appropriate checks it would have found the lending was unaffordable for him.

Madison looked into Mr H's complaint and issued a final response letter explaining it believed it had acted fairly in providing the credit. Madison provided a summary of the checks it had conducted and felt the agreement was affordable for Mr H. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about him, asking him about his income and expenditure, and confirming this through the credit reference agencies and using data from the Office of National Statistics (ONS).

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

Mr H didn't accept what our investigator said, so he asked for a second opinion. As there was no agreement, the complaint has been passed to me for 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 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 H 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 H in some other way?

Madison had to carry out reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the credit sustainably. It's not just about Madison assessing the likelihood of Mr H being able to repay the credit, 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 cost of the credit.

Did Madison carry out reasonable and proportionate checks to satisfy itself that Mr H was able to sustainably repay the credit?

Before lending to Mr H, Madison asked him questions to get an understanding of his financial circumstances. It's said he declared an income of £2557 a month, with housing costs of £350 a month. They verified this using the credit reference agencies (CRA) and calculated his expenditure using the CRA data and data from the ONS. When verifying Mr H's income, it found that he potentially had a lower amount than that declared coming into his account. So, it used this lower figure to calculate affordability. It took into account his existing unsecured debt, mortgage payments and other regular outgoings. Having done so it concluded that after the repayments to this loan Mr H would have a disposable income of around £460.

Madison has also explained that it carried out a full credit search to get an understanding of Mr H's situation before it decided to lend. It said this revealed his level of active borrowing was reasonable to his income, he had no defaults, County Court Judgements (CCJs) debt management plans, bankruptcies, or IVAs.

I've seen the credit file results and can confirm, there was no adverse information or recent missed payments showing on the information available to Madison at that time. I can see Mr H had a reasonable level of unsecured debt. But his repayments to this were up to date.

Madison applied estimates for Mr H's regular living expenses and income using nationally recognised statistics and information from the credit reference agencies. This is an approach it's allowed to take under the relevant lending rules. So, I'm satisfied it was reasonable for Madison to use this, in addition to the other information it gathered about Mr H when considering the application.

I've considered the information that was available to Madison at the time it made its lending decision. But I haven't seen anything that would suggest it needed to do further checks before lending to Mr H or that it should have known he wouldn't be able to sustainably repay the loan.

On the evidence available, I'm persuaded 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 loan of £1,000 was reasonable based on the information Madison gathered about Mr H's circumstances. I'm very sorry to disappoint Mr H but overall, I'm not persuaded that Madison created unfairness in its relationship with him as a result of its decision to lend.

Did Madison act unfairly or unreasonably towards Mr H in some other way?

I can see that Mr H repaid the loan without issue until 2023 when he lost his job. At this point Madison agreed a suitable repayment plan to help Mr H through his change in

circumstances. I think that shows Madison was attempting to treat Mr H fairly and I've not seen evidence to suggest that Madison treated him unfairly in some other way.

Overall, and based on the available evidence I don't find that Madison has acted unfairly in this case. It's not clear enough to me that Madison created unfairness in its relationship with Mr H by lending to him irresponsibly and I don't find Madison treated Mr H 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 H to accept or reject my decision before 28 July 2025.

Charlotte Roberts
Ombudsman