

## **The complaint**

Mr O complains that Madison CF UK Limited trading as 118 118 Money lent irresponsibly when it approved his credit card application and later increased the credit limit.

## **What happened**

Mr O applied for a 118 118 Money credit card in March 2019. In his application, Mr O said he had a monthly income of £1,800, rent of £416 and regular outgoings totalling £408. A credit search was completed and found two defaults but neither were registered in the preceding 12 months. The credit file showed Mr O owed around £5,325 in unsecured debt, of which £4,311 were made up of a hire purchase agreement and loans. Mr O's monthly repayments were found to be around £200. The credit file also confirmed Mr O had used another credit card to take cash advances of £280 in the previous 12 months. 118 118 Money applied its lending criteria and says Mr O had a disposable income of around £394 a month and £378 a month after making the new credit card repayment. 118 118 Money approved Mr O's application and issued a credit card with a limit of £225.

Mr O used the credit card and in February 2021 118 118 Money increased the limit to £1,000. 118 118 Money carried out a new credit search found Mr O's debts now stood at around £20,500 with a new hire purchase and loan being approved in the previous six months. Mr O's repayments were noted as £695 a month. Mr O's income of £1,800 a month was used in 118 118 Money's affordability assessment along with rent of £416, general living expenses of £498 and debt repayments of £625. 118 118 Money says Mr O had a disposable income of £260 a month and £190 a month if he were to borrow up to the credit limit.

More recently, representatives acting on Mr O's behalf complained that 118 118 Money lent irresponsibly and it issued a final response. 118 118 Money said it had carried out the relevant lending checks before approving Mr O's application and increasing the credit limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr O's complaint. They thought 118 118 Money completed proportionate checks before approving Mr O's application and increasing the credit limit and didn't agree it lent irresponsibly. Representatives acting on Mr O's behalf asked to appeal, so his complaint 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.

Before agreeing to lend or increasing the credit limit, the rules say 118 118 Money had to complete reasonable and proportionate checks to ensure Mr O could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information 118 118 Money used when considering Mr O's application above. I can see Mr O gave details of his income, rent and regular outgoings. A credit search was completed that found Mr O had two defaults, one from 2014 and the other from 2017. Mr O's existing debts were all up to date with no signs of recent missed payments. I note Mr O had taken cash advances of £280 in the previous 12 months but I'm not persuaded that shows he was reliant on credit for day to day spending. Overall, I'm satisfied the credit file information showed Mr O was in a stable position.

118 118 Money's affordability assessment reached the view Mr O had a disposable income of £394 a month and £378 a month if he were to borrow the full £225 credit limit. I'm satisfied that was a reasonable conclusion to reach following proportionate checks by 118 118 Money. And I'm satisfied Mr O would've been able to sustainably make repayments and clear his outstanding balance based on the information 118 118 Money obtained. In my view, 118 118 Money carried out reasonable and proportionate checks and lent responsibly when it approved Mr O's application and issued a credit card with a £225 limit.

The credit limit remained at £225 for almost two years and was increased to £1,000 in February 2021. Before increasing the credit limit, 118 118 Money checked Mr O's credit file again and found his outstanding debts had increased to £20,500 with a new hire purchase and loan being taken in the previous six months. I accept that's a reasonably large increase in Mr O's unsecured debt levels but I think it's fair to note the majority related to a hire purchase agreement Mr O agreed in December 2020. I'm satisfied the hire purchase repayments were factored into 118 118 Money's assessment and were affordable, in addition to his other monthly repayments that totalled £625.

118 118 Money's new affordability assessment used Mr O's income of £1,800 a month, rent of £416, repayments of £625 and general living expenses of £498. 118 118 Money calculated Mr O had a disposable income of £260 a month and £190 after making the increased repayments if he borrowed to the credit limit. In my view, that shows Mr O was able to sustainably afford repayments to the increased credit limit of £1,000. Having considered the available evidence, I'm satisfied 118 118 Money carried out reasonable and proportionate checks before approving Mr O's credit limit increase to £1,000. And I'm satisfied the decision to proceed was reasonable based on the information that 118 118 Money obtained.

I'm sorry to disappoint Mr O but for the reasons I've noted above I haven't been persuaded 118 118 Money lent irresponsibly.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship 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 O or otherwise treated him unfairly. I haven't seen

anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

**My final decision**

My decision is that I don't uphold Mr O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 16 October 2025.

Marco Manente  
**Ombudsman**