

## **The complaint**

Miss H complains Madison CF UK Limited trading as 118118 Money ("118") didn't conduct proper affordability checks when providing her with a credit card.

## **What happened**

In February 2022 Miss H applied for a credit card with 118, The application was approved, and she was given a credit limit of £1,200. This limit was never increased. The account was defaulted in March 2023.

Miss H complained to 118 in May 2023. She said no affordability checks were carried out, and the card wasn't affordable.

118 told us a final response letter was issued, but Miss H's representative said they never received one. Because of this, 118 have confirmed they consent for our service to consider the complaint.

An Investigator here looked into things. They said they felt the checks were proportionate and a fair decision to lend was made. They acknowledged Miss H has clearly struggled since opening the card, but this wasn't something 118 would've been able to foresee happening.

Miss H disagreed. She referred to her current account statements which clearly show 118 had overestimated her disposable income. She said she had around £294.91 disposable per month. The Investigator went back again, explaining why they still deemed this affordable.

Because an agreement couldn't be reached, 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've reached the same conclusion as the Investigator. I appreciate this will be disappointing for Miss H, but I'll explain my reasons below.

The rules and regulations in place at the time 118 provided Miss H with the credit card required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means 118 had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss H. In other words, it wasn't enough for 118 to consider the likelihood of them getting the funds back or whether Miss H's circumstances met their lending criteria – they had to consider if Miss H could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether 118 did what was needed before lending to Miss H.

At account opening, 118 relied on both information provided by Miss H in the application and data they received from the credit reference agencies (CRA). Miss H declared her monthly income was £2,003 and employed full-time. 118 completed an income and expenditure assessment which showed Miss H had around £490 disposable income each month. Miss H's CRA data was positive – there wasn't any adverse information and all existing credit commitments were being well managed.

I believe the checks 118 carried out were proportionate, and considering the amount being provided to Miss H, and the information they gathered in these checks, I don't think they acted unfairly when providing Miss H with the credit card. I say this because it was for a relatively modest amount of £1,200, and although there were no signs of financial difficulty at the time. It wouldn't be a significant cost for Miss H to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

I note Miss H's comments regarding her actual disposable income being closer to £290 per month. Firstly, Miss H was asked to declare her monthly costs – so 118 were only able to assess this based on the information they had available. There was no requirement for them to complete a forensic review of Miss H's current account statements at the point of application.

Secondly, even if 118 had received accurate figures regarding Miss H's income and expenditure, and a monthly disposable income of £290 recorded, this credit card would still be deemed affordable considering the estimated cost per month to repay this debt in a reasonable period of time.

In reaching my conclusions, I've also considered whether the lending relationship between 118 and Miss H might have been unfair to Miss H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that 118 did not lend irresponsibly when providing Miss H with the credit card. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Miss H, I won't be upholding her complaint against 118 for the reasons explained above.

### **My final decision**

It's my final decision that Madison CF UK Limited trading as 118 118 Money did not treat Miss H unfairly when providing her with a credit card.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 5 August 2025.

Meg Raymond  
**Ombudsman**