

The complaint

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

What happened

On 15 November 2022 Mr B applied for a loan with 118 118 Money. The loan was approved, and Mr B was given a loan of £2,200 over a term of 18 months with an interest rate of 60.2% and monthly repayments of £184.31.

Mr B says that 118 118 Money lent to him irresponsibly. He believes inadequate checks were carried out when he was offered the loan. He complained to 118 118 Money.

118 118 Money didn't uphold the complaint. They said they completed proportionate checks when assessing whether Mr B could afford the loan.

Mr B remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said the checks carried out by 118 118 Money were reasonable and proportionate and that the lending decision was fair.

Mr B didn't agree so I've been asked to review the complaint.

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.

Our approach to complaints about unaffordable and irresponsible lending including the relevant rules, guidance and good industry practice are set out on our website. I've used this approach to help determine Mr B's complaint.

Having carefully considered everything I've decided not to uphold Mr B's complaint. I'll explain why.

Did 118 118 Money carry out reasonable and proportionate checks to make sure that Mr B could repay the loan in a sustainable way?

118 118 Money needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should've carried out proportionate checks to make sure Mr B could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount and the customers income and expenditure.

Our website sets out what we typically think about when deciding whether a lenders checks were proportionate. Generally, we think it's reasonable for a lenders checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think a lender needed to more if, for example, a borrower's income was low, or the amount lent was high. And the longer a lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a borrower irresponsibly.

When Mr B applied for the loan, 118 118 Money carried out an income and expenditure assessment. Mr B told 118 118 Money that he had a net monthly income of £1,452.00. 118 118 Money used the information that Mr B provided about his outgoings (£625.81) and existing credit commitments (£202.37). It calculated that Mr B had a disposable monthly income of £326.01, after taking into account housing and credit commitments including the 118 118 loan repayment.

118 118 Money also carried out a credit check. This showed that Mr B had other active credit accounts, all of which were up to date with no arrears or defaults in the last 12 months. Mr B had no CCJ's and there was nothing on the credit check to suggest that he was overly reliant on credit, or that he was unlikely to be able to sustainably repay the loan.

I've considered all this information. Having done so, I think the checks carried out by 118 118 Money were proportionate and that it had obtained enough information to make a responsible decision on whether to lend to Mr B.

If the checks were reasonable and proportionate, was the lending decision fair?

I've thought about whether 118 118 Money made a fair lending decision based on the information it had gathered and what it knew about Mr B's circumstances.

The income and expenditure assessment showed that Mr B's monthly income of £1,452.00 covered his housing costs, household expenses and existing credit commitments. There was enough disposable income left each month – around £326.01 – which left enough to manage the loan repayments without causing financial difficulties.

The credit check showed that Mr B had several well managed credit accounts. There were no recent missed payments, no recent defaults, no CCJ's and no adverse information recorded or anything to suggest that Mr B wasn't managing his finances properly.

Based on everything I've seen, I think the checks carried out by 118 118 Money were reasonable and proportionate. I'm also satisfied that the lending decision was fair. There was nothing in the information gathered from the checks to suggest that Mr B was unlikely to be able to sustainably repay the loan.

I've considered whether 118 118 Money acted unfairly or unreasonably in any other way, including whether its relationship with Mr B might have been unfair under section 140 of the Consumer Credit Act 1974.

However, for the reasons I've set out above, I haven't seen anything to suggest that this was the case.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 19 August 2025.

Emma Davy
Ombudsman