

The complaint

Mr D says Madison CF UK Limited, trading as 118 118 Money, irresponsibly lent to him.

What happened

Mr D took out a loan for £5,000 over 24 months from 118 118 Money on 27 March 2024. The monthly repayments were £366.34 and the total repayable was £8,792.16.

Mr D says 118 118 Money did not properly assess whether he could afford the repayments based on his financial circumstances at the time. He was already facing financial difficulties, and his income was not sufficient to cover the loan repayments alongside his other essential expenses.

118 118 Money says it carried out adequate checks that showed Mr D could afford the loan.

Our investigator did not uphold Mr D's complaint. He said 118 118 Money's checks were proportionate and it made a fair lending decision based on the information it gathered.

Mr D disagreed and asked for an ombudsman's review. He said, in summary, he doesn't remember exactly what he filled out but 118 118 Money didn't do anything to verify his income.

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.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Mr D's complaint.

118 118 Money needed to take reasonable and proportionate steps to ensure that it didn't lend to Mr D irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mr D could repay the loan in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Mr D's income and expenditure.

So to decide this complaint I need to consider if 118 118 Money's checks were proportionate; if so, did it make a fair lending decision; if not, what would proportionate checks most likely have shown; and finally, did 118 118 Money act unfairly towards Mr D in some other way.

I've looked at the checks 118 118 Money carried out. It asked Mr D for his income, residential and employment status. It verified his declared income using an industry standard tool and reduced it accordingly. It estimated his housing and living costs using national averages. It carried out a credit check to understand his credit history and existing credit commitments. From these checks combined it concluded Mr D had enough monthly

disposable income for this loan to be sustainably affordable.

I think these checks were proportionate given the monthly repayments relative to Mr D's income and the fact he had very little debt elsewhere at the time. And I find 118 118 Money made a fair lending decision based on the results of its checks.

Mr D declared net monthly income of £2,404 that 118 118 Money reduced to £2,090. Its estimate of his essential expenditure totalled £873.94. The credit check showed Mr D had existing monthly credit commitments of just £54.72 so after taking on this loan Mr D would be spending around 20% of his net income on his financial commitments. I don't think this should have concerned 118 118 Money. And Mr D would be left with an ample monthly disposable income of £795.43.

118 118 Money also needed to check Mr D's creditworthiness, not just the pounds and pence affordability of the loan. I can see from its credit check that Mr D had £1,299 of debt and a very low credit utilisation of 8%. He had two recent overlimit events on credit cards but these were corrected the following month so I don't think this indicated financial strain. Mr D was not using an overdraft facility. So in the round I can't see any evidence that Mr D was reliant on credit at the time.

I can see there was adverse historic data on Mr D's file with defaults in 2018 and a CCJ registered against him in 2020. But given the most recent default was 65 months ago I think it was reasonable for 118 118 Money to conclude his finances had since stabilised.

It follows I don't find it was wrong for 118 118 Money to lend to Mr D.

I've also considered 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 D or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I am not upholding Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 July 2025.

Rebecca Connelley
Ombudsman