

Complaint

Mr G has complained about a credit card Madison CF UK Limited (trading as “118 118 Money”) provided to him. He says the credit card was irresponsibly provided to him as it was unaffordable.

Background

In February 2022, 118 118 Money provided Mr G with a credit card with an initial limit of £2,000.00. 118 118 Money increased Mr G’s credit limit to £2,250.00 in December 2022.

Mr G has also complained a loan that he was provided with at the same time he was initially given this credit card. However, we’ve looked at that complaint separately and this complaint solely concerns Mr G’s credit card.

When 118 118 Money looked at Mr G’s complaint, it agreed that it shouldn’t have increased the credit limit on the credit card to £2,250.00 in December 2022. So it agreed to remove any interest, fees and charges it added on balances over £2,000.00. Mr G remained dissatisfied and referred his complaint to our service.

As 118 118 Money agreed to put things right for the limit increase in the way that we’d typically tell a firm to if we thought that it shouldn’t have lent to a customer, we’ve only looked at whether 118 118 Money acted fairly and reasonably when initially providing Mr G with the credit card in February 2022.

One of our investigators reviewed what Mr G and 118 118 Money had told us. And she thought 118 118 Money hadn’t done anything wrong or treated Mr G unfairly in relation to providing the credit card. So she didn’t recommend that Mr G’s complaint be upheld. Mr G disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr G’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr G’s complaint. I’ll explain why in a little more detail.

118 118 Money needed to make sure it didn’t lend irresponsibly. In practice, what this means is 118 118 Money needed to carry out proportionate checks to be able to understand whether Mr G could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s 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 it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the 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 customer irresponsibly.

118 118 Money says it agreed to Mr G's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr G would be able to make the monthly repayments required on this credit card. On the other hand, Mr G says that he was already struggling and shouldn't have been provided with the credit card.

I've considered what the parties have said.

What's important to note is that Mr G was provided with a revolving credit facility rather than a loan. And this means that 118 118 Money was required to understand whether a credit limit of £2,000.00 could be repaid within a reasonable period of time. I think it's fair to say that a credit limit of £2,000.00 didn't require especially high monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

Furthermore, I've seen the information 118 118 Money obtained from Mr G at the time of his application and what was on the credit search carried out. 118 118 Money says that Mr G declared he was in receipt of around £1,500.00 a month. I understand that this may well have been cross checked against information from credit reference agencies and therefore, I'm satisfied that 118 118 Money was entitled to rely on this declaration. Mr G also declared that he was a private tenant.

The credit search showed that Mr G didn't have any significant adverse information – such as defaulted accounts or County Court Judgments – recorded against him either. Furthermore, the total amount Mr G owed wasn't excessive when considering the amount of his validated income. It is arguable that given what this information showed, it wasn't unreasonable for 118 118 Money to lend in these circumstances.

However, I think that there is a reasonable argument for saying that 118 118 Money needed to find out more about Mr G's living costs, given the fact that it was also providing him with a loan on the same day and I can't see that 118 118 Money knew anything at all about his non-credit related expenditure. But I'm not persuaded that 118 118 Money doing more, in this instance, is likely to have seen it making a different decision on lending to Mr G.

I say this because the information Mr G has provided appears to show that when his committed regular living expenditure and other non-credit related non-discretionary expenditure is added to the credit commitments 118 118 Money knew about and then deducted from his income each month, he had sufficient funds, at the time at least, to repay what could be owed on this credit card within a reasonable period of time.

Furthermore, given the circumstances here, I don't think that reasonable and proportionate checks would have extended into obtaining bank statements – especially as bank statements weren't the only way that 118 118 Money could find out about Mr G's living expenses in the first place.

In my view, delving into the detail of Mr G's statements isn't commensurate with a proportionate check for a credit card with a limit of £1,500.00. Crucially, I'm satisfied that 118 118 Money taking further steps to find out more about Mr G's living expenses won't have led

it to determine that the possible repayments on this card were unaffordable for Mr G. So I don't think that 118 118 Money acted unfairly when it accepted his application.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Mr G might have been unfair to Mr G under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think 118 118 Money irresponsibly lent to Mr G or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall while I can understand Mr G's sentiments, I don't think that 118 118 Money treated Mr G unfairly or unreasonably when providing Mr G with his credit card. I'm therefore satisfied that what 118 118 Money has already done to put things right for Mr G is fair and reasonable and I'm not upholding this complaint. I appreciate this will be very disappointing for Mr G. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 December 2025.

Jeshen Narayanan
Ombudsman