

The complaint

Mr N complains that Madison CF UK Limited trading as 118 118 Money was irresponsible in its lending to him. He wants all interest and charges on his loans refunded along with statutory interest.

What happened

Mr N was provided with two loans by 118 118 Money, the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	October 2020	£2,000	24 months	£119.10
2	October 2022	£2,250	18 months	£168.24

Mr N said that sufficient checks weren't carried out before the loans were provided and that they were unaffordable. He said at the time of the lending he had a history of payday loans and was at the limit on his four credit cards. He said that had further checks taken place and his bank statements been reviewed, 118 118 Money would have seen that he was in financial trouble and had significant gambling transactions on his account. He also said further checks would have shown that his income had reduced due to him being on furlough during the COVID pandemic and that his rent was almost as much as his income.

Mr N said that after completing the first loan he was given a second loan the next day. He said his debts were spiralling at the time and he was in a cycle of debt taking on new loans to pay existing commitments.

118 118 Money issued a final response to Mr N's complaint dated 23 April 2025. It said that before lending it gathered information about Mr N's income and expenditure and his personal circumstances and employment. It then used an industry tool to verify the declared income and other information from credit reference agencies and third parties to establish his outgoings. It said that having reviewed the data gathered the lending decisions were correct.

Mr N referred his complaint to this service.

Our investigator thought the checks 118 118 Money undertook before lending were reasonable and as these didn't raise concerns about the loans, he didn't uphold this complaint.

Mr N didn't agree with our investigator's view. He said that had 118 118 Money looked more closely at his existing credit commitments and his payments for rent and bills before providing loan one it would have seen that his outgoings were higher than it had estimated. He said his income at the time was just over £1,000 and this showed the loans weren't affordable. He then noted that the second loan was given the day after he repaid the first. He

said that before taking this loan he had added several other lines of credit, and he was constantly in his overdraft. He said further checks would also have shown his gambling. Mr N said given the amount of credit he was taking on it was clear he was reliant on debt. Mr N provided copies of his bank statements.

Our investigator noted Mr N's comments, but these didn't change his view. He thought that based on the information available to 118 118 Money at the time of lending the checks undertaken were reasonable.

Mr N didn't accept our investigator's view. He said he was paying more in rent and bills than he was earning and his bank statements showed this.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr N was provided with two loans and I have considered each lending decision below.

Loan one: October 2020

Mr N was provided with a £2,000 loan with a 24-month term which required monthly repayments of around £119. As part of the loan application, Mr N was asked about his employment, residential status, income and expenses. Mr N declared he was employed full time with an income of £1,275 and was renting. Mr N's income was verified using an industry tool and a credit check was undertaken. The credit check showed Mr N had debts outstanding of £866 and a default recorded in March 2017. His active accounts were being well managed. Third-party data was used to estimate Mr N's expenses and based on this his disposable income after the 118 118 Money loan repayments was calculated as around £339.

Considering the size of the loan and the repayments compared to Mr N's income and as his credit report didn't raise any recent issues and the disposable income calculation didn't raise concerns, I think the checks undertaken before the loan was given were proportionate. However, just because I think the checks were proportionate, it doesn't necessarily mean that the loan should have been given. To assess that I have looked at the information received through the checks to see if this should have raised concerns that meant further questions should have been asked or the lending not approved.

I note Mr N's comment about his income and expenses figures. But I think the checks were reasonable and as the income was verified and the declared income accepted, I find it reasonable this was included in the affordability calculation. Estimates were then used for Mr N's rent and other outgoings and so while I appreciate his comments, as I do not think

based on the size of the loan and Mr N's credit check that his expenses needed to be verified, I accept that the estimates were used to calculate Mr N's disposable income. Based on this I find it reasonable that the loan was considered affordable for Mr N.

I have also looked through the results of Mr N's credit check. These showed a default but as this had been recorded more than three years before the loan application, I accept that this was treated as historic and I do not think this meant the lending shouldn't have been given. That said, as Mr N had experienced previous financial difficulties it was important to assess his credit file to ensure he was in a stable financial position.

Mr N's credit report showed he had some credit card debt, but he was only utilising around 47% of his limit at the time. Mr N had no recent missed payment or other issues recorded on his active accounts. His total level of debt didn't suggest he was overindebted. Mr N did have a history of using short term loans but his credit report showed no new accounts opened within the preceding six months. Therefore, having considered the credit check results, I do not think these suggested that Mr N was struggling financially at the time.

Based on the above, I do not find I can say that 118 118 Money was wrong to provide loan one.

Loan two: October 2022

Loan two was provided straight after loan one was settled. Mr N had made his repayments on loan one without issue and so I cannot say that his previous account management should have raised concerns. However, given the timing of the second loan, which was slightly larger than the first, I think that 118 118 needed to consider whether Mr N was becoming reliant on debt.

Before loan two was provided, 118 118 gathered information about Mr N's employment, residential status, income and expenses. Mr N declared he was employed full time with an income of £2,200. He said he was renting with monthly housing costs of £400, council tax costs of £50, food costs of £100 and credit commitments of £100. Mr N's income was verified using an industry tool and a credit check was undertaken. The credit check showed Mr N had debts outstanding of £11,782 and was using around 90% of his revolving credit limits. There were no new defaults recorded and no recent adverse data suggesting he was managing his credit commitments well.

Given the size of the loan and the repayments compared to Mr N's income and as his credit report didn't show any recent issues and the disposable income calculation didn't raise concerns, I think the checks undertaken before the loan was given were proportionate.

I have then considered whether the information received through 118 118 Money's checks should have raised any concerns about the lending. Mr N's income was verified, and I find it reasonable this was relied on. Mr N's credit costs were calculated based on his credit report and deducting these along with his declared housing and other costs and an estimate for his living costs gave disposable income of around £488 after the loan two repayments. Given this, I find it reasonable that the loan was considered affordable.

I note Mr N's comment about the additional lending he had taken on and can see from his credit report that he had taken out a £7,000 loan in April 2022 and a short-term loan in December 2021 (which had been settled without issue) as well as a new budget account with a £800 limit in May 2022. I have considered this new credit, but I do not think it was such at this point that I can say Mr N appeared over indebted or that it was clear he was struggling in a cycle of debt. Given he was maintaining his repayments and loan two appeared affordable, I do not find I have enough to say at the time the loan was provided

that 118 118 Money should have identified the lending as irresponsible.

For the reasons set out above, I do not uphold this complaint.

I've also considered whether 118 118 Money acted unfairly or unreasonably in some other way given what Mr N has complained about, including whether its relationship with Mr N 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 N 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 3 November 2025.

Jane Archer
Ombudsman