

## **The complaint**

Mr O, through a representative, says Madison CF UK Limited, trading as 118 118 Money, irresponsibly lent to him.

## **What happened**

This complaint is about a 36-month instalment loan for £5,000 that 118 118 Money provided to Mr O on 20 October 2022. The monthly repayments were £226.05 and the total repayable was £8,137.80. Mr O settled the loan early in September 2024 having paid a total of £7,701.60.

Mr O says 118 118 Money failed to conduct proportionate checks and had it done so it would have seen the lending was unaffordable for him.

Our investigator did not uphold Mr O's complaint. He said 118 118 Money's checks were proportionate and did not show anything that ought to have led it to make a different lending decision.

Mr O disagreed with this assessment and asked for an ombudsman's review. He said based on the adverse data on his credit file, some of which was recent, 118 118 Money ought to have carried out more checks.

## **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 general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. Having carefully thought about everything, there are two overarching questions that I need to answer in order to fairly and reasonably decide Mr O's complaint. These two questions are:

1. Did 118 118 Money complete reasonable and proportionate checks to satisfy itself that Mr O would be able to repay the loan without experiencing significant adverse consequences?

- If so, did it make a fair lending decision?
- If not, would those checks have shown that Mr O would've been able to do so?

2. Did 118 118 Money act unfairly or unreasonably in some other way?

The rules and regulations in place required 118 118 Money to carry out a reasonable and proportionate assessment of Mr O's ability to make the repayments under this agreement. This assessment is sometimes referred to as an affordability assessment or affordability check.

The checks had to be borrower focused – so 118 118 Money had to think about whether repaying the loan would cause significant adverse consequences for Mr O. In practice this meant that the business had to ensure that making the payments to the loan wouldn't cause Mr O undue difficulty or significant adverse consequences. In other words, it wasn't enough for 118 118 Money to simply think about the likelihood of getting its money back, it had to consider the impact of the loan repayments on Mr O.

Checks also had to be proportionate to the specific circumstances of the loan application. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr O's complaint.

118 118 Money has provided evidence to show that before lending it asked for some information from Mr O. It asked for his monthly income and verified this externally. It used national averages for his housing and general living costs. It carried out a full credit check to understand Mr O's credit history and his existing credit commitments. Based on these checks 118 118 Money thought it was fair to lend as Mr O would have £228.14 monthly disposable income after taking on this loan.

I think these checks were proportionate given the stage in the lending relationship and the amount of the monthly repayment relative to Mr O's verified income. And I think 118 118 Money made a fair lending decision based on the information it gathered. I'll explain why.

Mr O declared a net monthly income, that 118 118 Money was able to verify, of £1,766. It estimated his housing costs to be £252.25, despite him declaring he had no housing costs as he lived with his parents. So these were likely overstated. It estimated his living costs to be £570.42. The credit check showed his monthly repayments were £489.15. So it was reasonable for 118 118 Money to conclude Mr O could afford the loan on a pounds and pence basis.

But 118 118 Money also had to be sure that repaying the loan over its term would not cause Mr O any adverse financial consequences. This point is finely balanced in this case as Mr O did have some adverse data on his credit file indicating he had previously struggled financially. He had defaulted on two accounts, the most recent being 11 months ago, but by the time he made this loan application he had settled both debts in full. There were some more recent arrears from the first half of 2022, but all these accounts were now up-to-date. There was some evidence of using payday loans but not since 2019.

Mr O had £19,494 of active unsecured debt, around 85% of this however was on a single hire purchase agreement. His credit utilisation was 62% so he did not seem overly reliant on his credit cards. His use of cash on credit had declined significantly in the last 36 months, suggesting his finances were no longer under the pressure they had been.

So, in the round, I think it was reasonable for 118 118 Money to conclude Mr O's finances had stabilised and he would not suffer financial detriment by taking on this loan.

It follows I do not find it was wrong for 118 118 Money to give this loan to Mr O.

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 O 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 O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 15 October 2025.

Rebecca Connelley  
**Ombudsman**