

The complaint

Mr B complains that Madison CF UK Limited trading as 118 118 Money (118) acted irresponsibly when they agreed to lend to him.

What happened

In April 2024, Mr B successfully applied for a loan with 118 for £3,000 with an APR of 79.9% over 24 months. This meant that monthly repayments were around £217. Mr B says that he was given the loan at a time when he could not afford it.

Mr B complained that 118 had acted irresponsibly by approving the loan and did not carry out proper creditworthiness and affordability assessments at the time. He says he had previously received four defaults on his credit account over the past six years, and one was with 118 itself, which has since been paid. He felt that 118 had ignored these and the fact that he was a full-time student without a full-time job.

Mr B let us know that having to make these loan payments meant he was missing bill payments and that 118 have not taken steps such as reducing the interest rate to make this easier.

118 say that they considered Mr B's overall creditworthiness. Based on this they felt that they'd made a fair lending decision, disagreeing that the lending was unreasonable. 118 say that Mr B was taken through extensive questions to ascertain his circumstances such as income and expenditure and they used industry standard tools to verify income.

118 explained that the credit check they carried out revealed three defaulted accounts in 2022 but found that sufficient time had passed for them to be satisfied they could lend. They did not find other significant indicators in recent history of poor credit.

Mr B wasn't happy with 118's response and referred his complaint to us. Our investigator said that 118 acted fairly when approving the loan. Although they found that 118 should have carried out further checks, they thought if this had taken place, it is more likely than not that they would have found the lending was affordable.

118 didn't dispute this position, but Mr B did. In summary, Mr B said that he was struggling to pay for his groceries after making loan repayments and would likely go into financial difficulty. He also felt that big companies get protected in this regard.

Our investigator gave subsequent correspondence, their opinion remained unchanged, and they mostly repeated their earlier points. As an agreement couldn't be reached, the case has been passed to me to decide.

What I've decided – and why

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While Mr B has provided detailed evidence of his complaint, and whilst I've considered all the available information, I've not reflected every point that has been raised. No discourtesy is intended here, this is merely to reflect my informal role in deciding a fair and reasonable outcome. So, I've focused on what I think are the key issues of the complaint. If there is something I haven't mentioned, it isn't because I've ignored it.

I've considered what both parties have said about Mr B's lending with 118. Having carefully considered everything, I think that 118 acted fairly and reasonably. I'll explain why below.

The relevant rules, regulations, and guidance at the time of 118's lending decision required them to carry out proportionate checks.

While there isn't a defined list of checks a lender needs to carry out, such checks should be reasonable and proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. These checks needed to assess Mr B's ability to afford the loan being approved and to be able to repay it sustainably, without causing him financial difficulties or harm.

It isn't sufficient for 118 to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks 118 did and what they found from these checks.

118 reviewed the declared salary and disposable income information provided and completed a credit check to understand Mr B's credit commitments. Declarations made by Mr B about his income and expenditure show he was employed full time with a declared monthly income of £2,514 and housing costs of £260. There are no other outgoings listed on this application document.

118 used reasonable average figures to establish the average level of expenditure. The results revealed housing costs as around £305, other monthly outgoings as around £578 and monthly payments to existing debts as around £49. After the new loan payments of around £217, this gave a disposable income of around £1,362.

The credit check which was carried out found that there were defaults registered in 2022 for Mr B. It is true that some time had passed since this, but also that four accounts had been opened in the last six months. I have also taken into account the duration and payment amount for this loan. With this in mind I've also taken into consideration the limited information provided by Mr B about his expenditure. In the circumstances of this case, I think that these factors ought to have prompted 118 to carry out further checks to determine Mr B's financial circumstances, particularly around his non-discretionary expenditure. As such, I don't think that the checks carried out by 118 were proportionate in this case. I think it would have been sufficient to have asked Mr B further questions about his spending rather than relying on estimates.

As I haven't found that reasonable and proportionate checks were completed, I then need to consider whether, if reasonable and proportionate checks were carried out, would this more likely than not have shown that Mr B was more likely than not unable to sustainably repay what was lent.

Based on the information provided at the time of the application as well as the information

available to our service to review now, I think that, had reasonable and proportionate checks been carried out by 118 such as by asking further questions about Mr B's actual expenditure rather than relying on estimates, it would've revealed that the lending was likely to have been affordable.

While I sympathise with Mr B's situation and the stress this has caused him, I don't think that the decision which 118 made to lend was unfair or unreasonable.

Mr B has also complained that 118 has not acted with compassion or reduced the interest rates on the account, and that he is finding he has no money to pay for basic expenses after paying for the loan. I can see that until the time the complaint was made, there is no evidence provided to indicate that Mr B had reached out to 118 to let them know of his financial difficulties. There were no missed payments on the account or evidence from Mr B's management of the account that ought to have made 118 aware of the difficulties he was facing. Based on the information available, I don't think that 118 has acted unreasonably or unfairly in this regard.

Separately, while I'm not upholding the complaint, I do want to remind 118 of its obligations to exercise forbearance moving forward. I would certainly encourage Mr B to keep in regular contact with 118 about difficulties he's facing with the facility .

In reaching my conclusions, I've also considered whether the lending relationship between Mr B and 118 might have been unfair to Mr B under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that 118 did not lend irresponsibly when providing Mr B with the credit account or otherwise treat him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons given above, I do not uphold this complaint against Madison CF UK Limited trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 8 January 2026.

Frances Kerslake
Ombudsman