

The complaint

Mr F complains that Madison CF UK Limited trading as 118 118 Money lent to him irresponsibly when it approved a £2,000 fixed sum loan in May 2022. He says the loan was unaffordable and it made his position worse. He later used a new loan to settle this one early. He would like a refund of all interest and charges, and for his credit file to be put right.

What happened

In May 2022 Mr F was approved for a £2,000 loan at an APR of 39.9%. The agreement showed a term of 36 months with a monthly repayment of £89.47. The account was settled early in October 2023 using the proceeds of a new consolidation loan. The business's records show total payments of £2,909.87 and interest charged of £1,220.92.

Mr F says the loan was unsustainable from the start. He says his income at the time was around £2,000 a month after tax and he has shown a payslip for the month before the loan of £1,965.54. He says he already had several commitments including a near maxed overdraft with monthly fees, a fixed sum loan with repayments of £157.70, another recent loan with repayments of about £53 a month, and two short term loans shortly before the application. He says £960.86 of the new funds went to reduce recent borrowing and the rest helped with day to day costs, but the repayments still put him under pressure so he refinanced.

The business says it carried out proportionate checks. It says it completed an application stage income and expenditure using what was declared, modelled household costs and information from credit reference agencies. It says it saw no defaults, court action, recent arrears or over limit behaviour, and only a modest level of external debt at the time, with accounts paid on time. It says it also used an income verification tool which returned a higher net monthly figure than Mr F declared, so it did not need to ask for bank statements or payslips.

Our service first issued a view that, for the amount and type of lending, the checks were reasonable and the lending decision was fair on the information available at the time. Mr F did not agree. He said the income figure used by the business was overstated compared with his payslip and bank statements, and he said his day to day position included overdraft reliance and more borrowing than the business's assessment suggested.

An agreement couldn't be reached, so the complaint has been passed to me to decide.

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.

I want to acknowledge what Mr F has said about his situation. Financial pressure can be very hard to live with and I note he is receiving support from NHS Talking Therapies. I do not underestimate how unwelcome and difficult this will have felt.

Before agreeing this loan the business needed to complete borrower focused and proportionate checks to be satisfied Mr F could repay what he owed in a sustainable way over time. What is proportionate depends on the amount and cost of the credit, the term, and anything in the information gathered that points to a heightened risk such as recent arrears, defaults, heavy short term borrowing or other clear signs of financial difficulty.

I have looked at what the business did at the time. It took Mr F through an application and created an income and expenditure assessment using declared information and modelled essentials. It checked his credit file and saw no recent adverse information, low external balances and accounts paid on time. It used an income verification tool which returned a higher net monthly figure than was declared. On those results I think it was open to the business to conclude the repayments of £89.47 a month were likely to be manageable and that it did not need to go further by asking for statements or payslips at the application stage.

Mr F says his net income was lower than the verified figure and that his day to day banking showed overdraft reliance, fees and other borrowing. I have taken careful account of what he has said and the evidence he provided. But on the material the business had at the point of sale, I am not persuaded it should reasonably have known that the lending would be unsustainable. The credit file did not show recent missed payments, defaults or over limit behaviour, and the tool confirmed income at a higher level than declared. In those circumstances I do not think the business acted unfairly by relying on the results of its checks.

I have also thought about what happened later. Mr F says he used most of the funds to reduce existing borrowing but still felt under pressure and refinanced after about 17 months. I accept that this was a difficult period for him. But what happened afterwards does not by itself show the lending was unsustainable when it was approved. I need to decide what a fair and proportionate assessment at the time would more likely than not have shown. On balance, given the information the business obtained and the absence of clear risk indicators on the credit file, I am not persuaded it was unfair to approve the loan in May 2022.

In reaching my conclusions, I've also considered whether the lending relationship between Madison CF UK Limited trading as 118 118 Money and Mr F might have been unfair to Mr F under section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've explained, I don't think Madison CF UK Limited trading as 118 118 Money irresponsibly lent to Mr F 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.

My final decision

For the reasons I have explained, I do not uphold Mr F's complaint about Madison CF UK Limited trading as 118 118 Money.

Because I am not upholding the complaint, I am not directing the business to refund interest or charges, to pay statutory interest, or to remove information from Mr F's credit file beyond what would ordinarily be recorded to reflect how the account was conducted and its early settlement in October 2023. I appreciate this will be disappointing for Mr F and I hope he understands why I have reached this outcome

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 19 March 2026.

Marco Silva

Ombudsman