DRN-5712448

## The complaint

Miss D complains that Madison CF UK Limited, trading as 118 118 Money, provided her with an inaccurate early settlement quotation and that they didn't allow her to move the first payment date.

## What happened

Miss D took out a £5,000 fixed sum loan with 118 118 in March 2024. She asked for a settlement quotation in March 2025 and was surprised at the amount she was asked to pay. She complained to 118 118 and explained that she didn't agree with their calculations.

118 118 explained that the quote had been calculated using the Consumer Credit (Early Settlement) Regulations 2004. They explained that it was a complex formula but that in essence early payments were mainly being paid towards interest so Miss D wouldn't see a great reduction in the capital. However, they explained that she would be saving £1,201.50 in interest if she settled her account at that point.

Miss D referred her complaint to this service and our investigator provided her view. She didn't think there was evidence that 118 118's calculation was wrong. She also noted that Miss D had been unhappy that 118 118 had taken her first loan payment 15 days after her account opened but she explained that the terms of the account allowed them to do that. Miss D raised some further complaint points, but our investigator explained that they'd need to be considered by 118 118 before this service could fairly consider them.

Miss D disagreed with our investigator's view, and she asked for a decision by an ombudsman.

## 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 know it will disappoint Miss D, but I agree with the investigator's view. Please let me explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

***The settlement quotation***

When a consumer settles an agreement early the law says the settlement figure *has* to be worked out using what is called the "actuarial method". This is set out in the Consumer Credit (Early Settlement) Regulations 2004 (the 'Regulations'). 118 118 didn't provide calculation to Miss D at the time and I don't think that was unusual or wrong. They referred Miss D to the correct regulations where that calculation is set out.

That method doesn't spread the interest evenly over the whole agreement. Instead, it looks at what payments would have been due if the agreement had run to the end, and then works out the value of those payments as at the date of settlement. Because loan balances are higher at the start, more interest is charged in the early stages.

This method is used to make sure settlement figures are calculated consistently across the industry. It also means 118 118 is properly compensated for the fact Miss D has already had the use of the money she loaned for a period of time while still giving Miss D credit for the time left on the agreement.

I've no reason to think that the settlement calculation carried out by 118 118 is incorrect. I think it's fair to suggest the complex calculation set out under the Regulations will be automated and audited to ensure it's accurate. I'm not persuaded that Miss D's alternative calculation is correct as she hasn't taken account of the standard practice of early payments being made primarily towards interest into account. The settlement figure provided is broadly consistent with what I'd expect.

***The first payment***

Miss D was upset that her first payment was taken two weeks and two days after she signed her loan agreement. She explained to 118 118 that it created strain on her finances.

The terms of the agreement set out that:

*"'The first payment is payable on a date to be determined by us, in our sole discretion, which is no later than 45 days after the Fixed Sum Loan Agreement is made and continues monthly after that with payments being due on the same".*

So, I can't say 118 118 were unreasonable to set that date. They did explain to Miss D that the day the payment was taken could be moved for later payments and I think that was reasonable.

***Further issues***

Miss D has raised further concerns since she referred her complaint to this service. She's explained that she's unhappy with the Subject Access Information she has received from 118 118 and that she's had issues with a payment that she was told had been taken before it should have been. Miss D has suggested these issues demonstrate that 118 118 have consistently mishandled her account information. I don't think it would be fair to consider the Subject Access Complaint as I can't see it has been considered by 118 118 and it's only fair they have an opportunity to do so before this service looks into it. In respect of the payment being taken early Miss D received a final response on that matter recently. It relates to a totally different issue, and I think, if Miss D intends to refer it to this service, that it should be considered separately. If that's something Miss D wishes to do, I would ask her to contact our investigator who will ensure that takes place. However, I think the reason Miss D has mentioned that issue is to try to demonstrate consistent mishandling of her concerns by 118 118. While I understand Miss D's strength of feeling, as I've not found that 118 118 have done anything wrong here, I don't find that evidence persuasive.

## My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 18 September 2025.

Phillip McMahon
**Ombudsman**