

The complaint

Mr F complains that Madison CF UK Limited trading as 118 118 Money (118 118 Money) didn't sufficiently check whether he could afford to sustain the repayments when they agreed to lend to him.

In bringing his complaint Mr F is represented by a third party. For ease of reading I will only refer to Mr F in my decision.

What happened

Around March 2022 Mr F entered into a loan agreement with 118 118 Money for £2,000. After interest and charges were applied the total repayable amount was £3,255.84. This was repayable over 36 months at £90.44 a month. Mr F said he struggled to sustain the repayments and had 118 118 Money properly checked they would have seen he'd previously struggled financially. He complained to them.

118 118 Money said their checks had been reasonable and proportionate having considered Mr F's application, credit reference agency (CRA) and statistical data. Based on these checks they said their lending decision was fair.

Mr F wasn't happy with 118 118 Money's response and referred his complaint to us.

Our investigator said 118 118 Money had acted fairly and didn't ask 118 118 Money to do anything further.

Mr F disagreed saying there had been signs of financial vulnerability that 118 118 Money should have seen, so reiterated their lending decision hadn't been fair. He asked for an ombudsman 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.

Having done so I'm not upholding this complaint. I can appreciate Mr F's disappointment but for me to say 118 118 Money must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else. I'll explain why.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before 118 118 Money offered the loan they needed to complete reasonable and proportionate checks to be satisfied Mr F would be able to repay the debt in a sustainable way.

There isn't a set list of checks a lender must do but in deciding what was proportionate 118 118 Money needed to consider things such as (but not limited to): the amount of credit, the size of any regular payments, the cost of credit and the consumer's circumstances.

CONC says a lender needs to take reasonable steps to estimate a consumer's income and non-discretionary spending. It also says they shouldn't solely rely on the income declared by a consumer but seek verification through an independent source or third party. And a lender can use statistical data to estimate a consumer's outgoings. I've considered the checks 118 118 Money said they did.

118 118 Money said they used Mr F's application data and cross checked this with a CRA as well as reviewing Mr F's credit history as to how he was managing his credit commitments. Mr F said he was employed full time, was single with no dependents and living in rented accommodation. He said his monthly income was £1,613. 118 118 Money checked this with a CRA which also showed Mr F had a hire purchase agreement, three credit cards and a home credit account. They assessed Mr F's credit commitments to be £493.75 a month. They also used statistical data to assess Mr F's household and other expenditure. Having done so this left Mr F, after factoring in the new lending of £90.44 with £208.50 disposable income for discretionary and unexpected costs.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – it doesn't automatically mean that a lender won't offer borrowing. I can see from Mr F's credit reports he'd three defaults registered on his credit file, one in 2018 and two in 2019. All three accounts had been settled with zero balances showing, having been settled in October 2019, September 2020 and August 2021. I can also see Mr F fell behind with his repayments on another active account but had brought this account up to date in the preceding six months prior to the lending. Here, 118 118 Money considered the information that Mr F had on his credit file and still made a decision to lend, in the circumstances, I think was reasonable, as his defaults would be considered as being historic and he was managing his active accounts well at the time of the lending.

So, I'm satisfied given the amount being borrowed and length of indebtedness that 118 118 Money's checks were reasonable and proportionate. I think their checks gave them a good understanding of Mr F's income and outgoing. I don't think that there was anything immediately obvious in the information that 118 118 Money had, including Mr F's existing credit, which meant they shouldn't rely on it. So, I don't think 118 118 Money needed to have asked Mr F to provide further evidence in support of his expenditure such as bank statements, before providing him with a loan in this instance. And based on these checks I'm satisfied Mr F should have had sufficient disposable income to sustain his repayments under the agreement.

I've also considered whether 118 118 Money acted unfairly or unreasonably in some other way given what Mr F has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But, for the reasons I've already given, I don't think 118 118 Money lent irresponsibly to Mr F or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 September 2025.

Anne Scarr
Ombudsman