

The complaint

Mr K says that Madison CF UK Limited trading as 118 118 Money (“Madison”) lent to him irresponsibly when he was granted a personal loan.

What happened

Mr K applied for a £2,000 loan from Madison on 9 May 2023. It had a term of 24 months, and it was repayable at £143.68 a month. The total amount repayable under the terms of the agreement - after interest and costs - was £3,448.32.

In or around July 2025 Mr K made a complaint to Madison about its decision to lend to him. The reasons for the complaint are familiar to both sides, so I don't intend to repeat them in detail here. But, in summary, Mr K said the loan was unaffordable and unsustainable for him and, therefore, the decision to lend to him was irresponsible as a result.

In early August 2025, Madison issued its final response in which it did not uphold the complaint. In short, it said that it carried out appropriate checks prior to agreeing to lend and the output from those checks indicated the lending was affordable for Mr K.

Unhappy with this, Mr K referred his complaint to the Financial Ombudsman Service.

The complaint was looked at by an investigator who, in late August 2025, issued their findings in which they concluded Madison had not acted unfairly when it agreed to lend.

Mr K disagreed with our investigator. And, as it wasn't possible to resolve the complaint informally, it was referred for an ombudsman's decision.

Both sides were given time to add to what had already been said and/or provided. As the deadline to do that has now passed, the complaint was passed to me for a decision.

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.

When doing that, I'm required by DISP 3.6.4 R of the Financial Conduct Authority's (the 'FCA') Handbook to take into account the:

“(1) *relevant:*

- (a) law and regulations;*
- (b) regulators' rules, guidance and standards;*
- (c) codes of practice; and*

(2) ([when] appropriate) what [I consider] to have been good industry practice at the relevant time.”

Having taken all of this into consideration, I've reached the same conclusion as our investigator – and for broadly the same reasons. This being that I do not think the complaint should be upheld. I know this will come as a disappointment to Mr K, but I'll explain why I think it is a fair outcome in the circumstances.

However, before I do, it is important to be clear that whilst I might not comment on everything - only what I consider key - this is not meant as a discourtesy to either party. It simply reflects my role resolving disputes with minimum formality.

The Financial Ombudsman Service has set out its general approach to complaints about irresponsible and unaffordable lending on its website.

Under the relevant legal and regulatory framework, Madison was obliged to lend responsibly. This meant that it had to reasonably assess whether Mr K could afford to meet the loan repayments in a sustainable way over the term of the loan in question.

The relevant regulator didn't specify what level of detail such an assessment might require – nor did it set out how such an assessment needed to be carried out in practice. Instead, it said that the necessary level of detail when carrying out a requisite assessment would depend on the risk to the borrower relative to the borrower's financial situation – though it wouldn't necessarily be limited to that.

However, the regulator did define the notion of sustainably repaying debt as being able to meet the repayments of a credit agreement without undue difficulty. And that includes being able to make repayments on time and without taking on additional borrowing to do so while also meeting other reasonable commitments.

So, in keeping with the information on the Financial Ombudsman Service's website, I think there are a number of overarching questions I need to consider when deciding a fair and reasonable outcome given the circumstances of this complaint:

1. Did Madison carry out reasonable and proportionate checks to satisfy itself that Mr K was likely to have been able to repay the borrowing in a sustainable way?

i. If Madison carried out such checks, did it lend to Mr K responsibly using the information it had?

Or

ii. If Madison didn't carry out such checks, would the requisite checks have demonstrated that Mr K was unlikely to have been able to repay the borrowing in a sustainable way?

2. If relevant, did Mr K lose out as a result of Madison's decision to lend to him.

What constituted proportionate checks will depend on several factors. And for that reason, determining what these checks looked like in practice when Madison lent to Mr K wasn't an exact science – and I would say that's still the case now.

There are, of course, many factors that could be relevant when determining how detailed proportionate checks should have been. And while much will depend on the circumstances in question, the more obvious factors include – though aren't necessarily limited to:

- the type of credit Mr K was applying for along with the size, length and cost of the borrowing; and

- Mr K's financial circumstances – which included his financial history and outlook along with his situation as it was, including signs of vulnerability and/or financial difficulty.

And generally speaking, the circumstances in which it was reasonable to conclude that a less detailed affordability assessment was proportionate strike me as being more likely to be limited to applicants whose financial situation was stable and whose borrowing was relatively insignificant and short-lived – especially in the early stages of a lending relationship.

Did Madison carry out reasonable and proportionate checks?

Prior to agreeing to lend, Madison asked Mr K to provide details about his employment status, income and expenditure. It also carried out a credit search.

It looks like Mr K declared he was working full-time, and his monthly income was £1,907. However, Madison didn't rely solely on what it was told by Mr K in relation to his income.

CONC 5.2a.15(2) says: *“The firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current income.”*

And CONC 5.2A.16(3) says: *“...it is not generally sufficient to rely solely on a statement of current income made by the customer without independent evidence (for example, in the form of information supplied by a credit reference agency [my emphasis added] or documentation of a third party supplied by the third party or by the customer).”*

Madison says the declared income figure was electronically verified using an affordability tool provided by a credit reference agency. It went on to say that the result indicated that the declared income was accurate.

With this being the case, and noting Mr K didn't have a previous lending history with Madison, I think Madison took reasonable steps to understand Mr K's income and it acted fairly when proceed with the application on the basis of Mr K's declaration.

With regards to expenditure, Mr K declared his sole expense was £300 towards 'Home' costs.

Madison used the information Mr K declared about his housing costs, but it increased Mr K's non-discretionary expenditure to £615.96 using Office of National Statistics (ONS) data.

CONC 5.2A.19(G)(1) says: *“For the purpose of considering the customer's non-discretionary expenditure...the firm may take into account statistical data unless it knows or has reasonable cause to suspect that the customer's non-discretionary expenditure is significantly higher than that described in the data or that the data are unlikely to be reasonably representative of the customer's situation”.*

I haven't seen anything in the information Madison had available to it which suggested that ONS data was unlikely to be broadly representative of Mr K's non-discretionary expenditure. So, I'm satisfied Madison acted fairly when it relied on this during its affordability assessment.

As I've said, Madison also carried out a credit search. And it used the information it gathered from the credit search to add payments towards Mr K's existing credit commitments to his monthly expenditure. This figure totalled £58.45.

Deducting all of this from what Madison understood to be Mr K's income, it looked like Mr K had around £932 left over before repayments towards the lending in question (£143.68) were taken into consideration. So, the lending appeared affordable on a simple pounds and pence basis.

Given the size of the monthly repayments Mr K had to make to the loan relative to his income, and in light of what Madison knew from the checks it carried out, I think it proceeded with a proportionate amount of information – especially when Mr K doesn't appear to have had a recent history of borrowing from Madison.

However, Madison didn't satisfy its obligation to lend responsibly to Mr K by simply proceeding with a proportionate amount of information before making its decision to lend. Once it had the information it thought it needed, it then had to evaluate it because it still had to reasonably assess whether he could afford to meet the loan repayments in a sustainable way over the term of the loan.

Did Madison lend to Mr K responsibly using the information it had?

As I've said, the income and expenditure check Madison carried out indicated Mr K had a monthly disposable income of around £932. The monthly repayments for the loan in question were £143.68. So, the loan repayments did appear to be affordable for Mr K, whilst also leaving him with enough financial headroom to cover unexpected expenses.

The credit search Madison carried out indicated Mr K had a total of five active accounts, made up of two current accounts, two credit cards and one telecommunications account. His total indebtedness across these accounts was £1,169. So, on the face of it, it did not appear Mr K was overindebted.

The accounts in question were well maintained with no evidence of late, missed payments or exceeding of credit limits. Further, the credit search did not reveal an indication of any defaults, insolvencies or any other public records – such as County Court Judgments at the time Madison agreed to lend.

So, looking at things in the round, I don't think the results of the credit check Madison carried out should have prompted further checks and, importantly, I don't think the checks Madison carried out indicated Mr K would be unable to afford the loan.

And I don't think Madison – based on the information it had available - had any good reason to think Mr K's financial situation was likely to change significantly during the loan term such that he would experience difficulty making the monthly repayments as they fell due.

I understand Mr K says that his financial situation was worse than the information Madison gathered at the time suggested including, but not limited to, taking out a loan with another provider just weeks before the lending in question and being in a repayment plan with a third party following a prior default. But this information was not available to Madison from the credit report data it obtained prior to agreeing to lend. And I think I'd be applying the benefit of hindsight unfairly if I were to now use this information to argue that Madison's credit search was in some way inadequate or incomplete when that didn't appear to be the case at the relevant time.

And I accept that a more forensic analysis of Mr K's financial situation – such as a granular review of his bank statements from the time or similar – may have revealed some of the difficulties Mr K says he was having at the time including what Mr K has described as '*significant gambling*'. However, for the reasons I've explained, I think Madison carried out proportionate checks even though it looks like some of the information it was provided with

didn't tell the whole story. It relied, reasonably in my view, on the information it did have. And given the size of Mr K's monthly repayments, I don't think it was unreasonable of Madison to grant the loan in question with all of that being the case.

Did Madison act unfairly or unreasonably in some other way?

In response to the investigator's findings Mr K said that, when settling the loan in December 2024, he told Madison that he was "*using his salary/bonus to do so*". However, Mr K has said he was actually using a loan he had taken out with another lender. Mr K feels this is "*critical because it shows I was not sustainably managing my [Madison] loan*".

Whilst I understand the point Mr K is making here, it does not change my decision. I say this because, when considering a complaint about irresponsible lending, the focus of the investigation is on what happened at the time the application was approved. And, for the reasons I've already explained (and which I won't repeat here), I don't think Madison acted unfairly based on the information it gathered as a result of the checks it carried out (which I consider to be reasonable and proportionate).

I don't think Madison had reasonable cause to think that the repayments for the lending in question were unaffordable or unsustainable over the life of the loan. And, whilst I accept that this may not have been the case (noting that Mr K settled the loan using new borrowing) I don't think that was evident from the information Madison gathered at the time.

With all of this being the case, I do not think Madison acted unfairly when it approved this lending.

In reaching this conclusion, I've also considered whether Madison acted unfairly or unreasonably in some other way given what Mr K has complained about, including whether their relationship with him might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, for the reasons I've already given in my provisional decision, I don't think Madison lent irresponsibly to Mr K or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is I do not uphold Mr K's complaint about Madison CF UK Limited trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 12 February 2026.

Ross Phillips
Ombudsman