

Complaint

Miss S has complained about a loan Madison CF UK Limited (trading as “118 118 Money”) provided to her.

She says that it ought to have known the loan was unaffordable and therefore it shouldn't have provided it to her.

Background

118 118 Money provided Miss S with a loan for £3,000.00 in July 2024. This loan was due to be repaid in 24 monthly instalments of £218.18.

One of our investigators reviewed what Miss S and 118 118 Money had told us. And he thought that 118 118 Money hadn't done anything wrong or treated Miss S unfairly. So he didn't recommend that Miss S' complaint be upheld.

Miss S disagreed and asked for an ombudsman to look at her complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss S' complaint.

Having carefully considered everything, I've not been persuaded to uphold Miss S' complaint. I'll explain why in a little more detail.

118 118 Money needed to make sure that it didn't lend irresponsibly. In practice, what this means is 118 118 Money needed to carry out proportionate checks to be able to understand whether Miss S could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

118 118 Money says it agreed to Miss S' application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Miss S could afford to make the repayments she was committing to.

On the other hand, Miss S has said that the monthly payments for the loan were unaffordable to her and caused her hardship so she shouldn't have been lent to.

I've carefully thought about what Miss S and 118 118 Money have said.

The first thing for me to say is that this was Miss S' first loan with 118 118 Money. And 118 118 Money has provided an output of the income and expenditure information recorded at the time of Miss S' application as well as a record of the results of its credit searches. From what I've seen, Miss S didn't have any significant adverse information – such as defaulted accounts or county court judgments (“CCJ”) – recorded against her.

118 118 Money's searches appear to show that Miss S' active unsecured debt total at the time of the application was reasonable in comparison to her declared income which had been validated against information from credit reference agencies on the amount of funds going into her main bank account each month. So I don't think that there was anything the credit searches that in itself stood out to indicate that the monthly payments may have been affordable, or as an obvious reason not to lend to her.

At the absolute most, it could be said that the monthly payments as well as the cost for credit might have necessitated 118 118 Money finding out a bit more about Miss S' actual living expenses. However, I don't think that 118 118 Money obtaining further information on Miss S' actual living costs would have made a difference to its decision to lend in this instance.

I say this because what I've been provided with from Miss S suggests that when her committed regular living expenses from the time are added to her existing credit commitments and then deducted from her monthly income, she appears, at the time at least, to have the funds to sustainably make the repayments due under this agreement.

As this is the case, I'm not persuaded that even if 118 118 Money carrying out further checks on Miss S' living costs, rather than relying on estimates of this, would have shown the monthly payments to this loan to be unaffordable for Miss S. So I don't think that 118 118 Money doing further checks would have made a difference here and so it did not do anything wrong when deciding to lend to Miss S.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Miss S might have been unfair to Miss S under section 140A of the Consumer Credit Act 1974 (“CCA”).

However, for the reasons I've explained, I don't think 118 118 Money irresponsibly lent to Miss S or otherwise treated her 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. So I'm not upholding this complaint.

I appreciate this will be very disappointing for Miss S. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 5 January 2026.

Jeshen Narayanan
Ombudsman