

The complaint

Mr W complains that Madison CF UK Limited trading as 118 118 Money have irresponsibly lent to him.

Mr W is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr W himself.

What happened

Mr W was approved for a 118 118 Money credit card in February 2021 with a £1,200 credit limit. Mr W says that 118 118 Money irresponsibly lent to him, and he made a complaint to 118 118 Money, who did not uphold his complaint. 118 118 Money said the majority of Mr W's active accounts were well maintained and up to date. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. He said that the checks 118 118 Money completed were proportionate and they made a fair lending decision.

Mr W asked for an ombudsman to review his complaint. He made a number of points. In summary, he said he had previously exceeded his credit limit on other credit agreements he had, he had utilised cash advances on other credit cards he held, he already had a significant amount of debt at the time the 118 118 Money credit card was approved, and he had only defaulted on an account in the ten months prior to this card being approved.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

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

Before agreeing to approve the credit available to Mr W, 118 118 Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks 118 118 Money have done and whether I'm persuaded these checks were proportionate.

118 118 Money said they completed a credit check with a Credit Reference Agency (CRA) and they used information that Mr W had provided before approving his application. The information showed that Mr W declared he was employed, and he declared a net monthly income of £2,070.

The CRA reported that Mr W had defaulted on an account in the last 12 months (the default date was showing as being 31 March 2020). 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 – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks 118 118 Money made to see if they made a fair lending decision.

The CRA that 118 118 Money used reported that Mr W had £9,750 of active unsecured debt. 118 118 Money completed an affordability assessment which included a mixture of information that Mr W had given them, information from the CRA they used, and modelling. The affordability assessment showed that Mr W should be able to afford sustainable repayments for the £1,200 credit limit.

But the CRA also reported that Mr W had been in arrears on accounts, and he had recently exceeded his credit limit on an account. Mr W had also made a number of cash advances from his credit cards. So these factors, along with the recent default could be a sign of financial difficulty. So I'm persuaded that 118 118 Money should have completed further checks to ensure Mr W would be able to make sustainable repayments for a £1,200 credit limit.

There's no set way of how 118 118 Money should have made further proportionate checks. One of the things they could have done was to contact Mr W to ask him why he had been in arrears and defaulted on an account recently, and why he had exceeded his credit limit. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Mr W has provided his bank statements for the three months leading up to this lending decision. Mr W's bank statements show financial difficulty on the statements. I say this as there are three direct debits returned over the three month period – two were for only £10, and one was for £4.34. Mr W does not have an arranged overdraft, but he sometimes entered an unarranged overdraft, often as a result of spending at a petrol station. There is also evidence of him borrowing money from a credit union on his statements.

So if 118 118 Money had requested Mr W's bank statements as part of a proportionate check, it would appear that he didn't have the disposable income in order to make sustainable and affordable repayments for a £1,200 credit limit. So I'm not persuaded that 118 118 Money made a fair lending decision here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed at the end of this decision results in fair compensation for Mr W in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case."

I invited both parties to let me have any further submissions before I reached a final decision. 118 118 Money had no further comments to add in response to the provisional decision. Mr W did not respond to the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In the provisional decision I said I intend to uphold this complaint. I said I intend to ask

Madison CF UK Limited trading as 118 118 Money to take the following actions:

118 118 Money should arrange to transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly;

Rework the account removing all interest, fees, charges, and insurances (not already refunded) that have been applied;

If the rework results in a credit balance, this should be refunded to Mr W along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. 118 118 Money should also remove all adverse information regarding this account from Mr W's credit file;

Or, if after the rework there is still an outstanding balance, 118 118 Money should arrange an affordable repayment plan with Mr W for the remaining amount. Once Mr W has cleared the balance, any adverse information in relation to the account should be removed from Mr W's credit file.

I'm still satisfied this is a fair outcome for the reasons given previously.

**If 118 118 Money considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr W how much they've taken off. They should also give Mr W a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

My final decision

I uphold this complaint. Madison CF UK Limited trading as 118 118 Money should settle the complaint in line with the instructions in the *"Putting things right"* section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 October 2025.

Gregory Sloanes
Ombudsman