

Complaint

Mr S has complained about a loan Madison CF UK Limited (trading as “118 118 Money”) provided to him. He says that it ought to have known the loan was unaffordable.

Background

118 118 Money provided Mr S with a loan for £5,000.00 in February 2024. This loan was due to be repaid in 24 monthly instalments of £359.82.

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

Mr S disagreed and asked for an ombudsman to look at his 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 Mr S' complaint.

Having carefully considered everything, I've not been persuaded to uphold Mr 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 Mr 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 Mr S' application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr S could afford to make the repayments he was committing to.

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

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

The first thing for me to say is that this was Mr 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 Mr S' application as well as a record of the results of its credit searches. I accept that Mr S did have a default recorded against him. But given this was from 2019, I don't think that it was unreasonable for 118 118 Money to place less weight on this account than Mr S' more recent accounts.

118 118 Money's searches appear to show that Mr S' active unsecured debt total at the time of the application was low in comparison to his declared income which had been validated against information from credit reference agencies on the amount of funds going into his 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 him.

I accept that Mr S's actual circumstances may not have been fully reflected either in the information he provided, or the information 118 118 Money obtained. For example, I note that Mr S has now carried out a line-by-line analysis of his bank statements and in his view he didn't have sufficient funds to repay this loan.

The first thing for me to say is that Mr S's analysis has been carried out with the use of bank statements and includes a granular assessment of his account balances and transactions. I also acknowledge that if 118 118 Money had gone into the depth of checks Mr S appears to be saying it should have – obtaining bank statements – it's possible but by no means certain it may have reached a different answer on lending.

However, the key thing here is that there was no requirement and there still is no requirement for a lender to obtain multiple months' worth of bank statements before providing unsecured lending to a customer. Indeed, this isn't even the position in where any lending is secured. So I'm not in a position to say that 118 118 Money should have obtained bank statements simply because Mr S now says that's what it should have done.

Equally, it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the amount of the loan, the monthly payments and Mr S having no recent significant adverse credit information recorded against him, I don't think that reasonable and proportionate checks would have extended into the level of checks Mr S is suggesting.

So while I accept that Mr S disagrees with this, nonetheless I don't think that 118 118 Money could reasonably be expected to be aware that the monthly payments were unaffordable for him. I say this because what I've been provided with from Mr S suggests that when his committed regular living expenses from the time are added to the credit commitments 118 118 Money knew about and then deducted from his monthly income, he 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 Mr S' living costs, rather than relying on estimates of this, would have shown the monthly payments to this loan to be unaffordable for Mr S.

So I don't think that 118 118 Money did anything wrong when deciding to lend to Mr S and I'm not upholding this complaint. I appreciate this will be very disappointing for Mr S. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

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

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

Jeshen Narayanan
Ombudsman