

The complaint

Mrs G complains that Madison CF UK Limited trading as 118 118 Money (Madison) irresponsibly entered into a fixed sum loan agreement with her that she could not afford to repay.

What happened

In January 2025 Mrs G applied for a loan with Madison. She was given a loan for £5,000. The total repayable including interest was £10,356, which was to be repaid in monthly instalments of £172.60 over five years.

Mrs G complained that Madison should never have provided her with the loan. She said that appropriate affordability checks hadn't been completed, and if they had Madison would've seen that the loan was unaffordable for her. Mrs G says the situation put financial strain on her, which impacted her mental health and she had to borrow money from family to manage her repayments. Madison didn't think that it had acted unfairly when lending to Mrs G.

Our investigator didn't recommend that the complaint should be upheld. They thought Madison had completed proportionate affordability checks and there was nothing in the checks that suggested Mrs G wouldn't be able to afford the borrowing.

Mrs G didn't agree. In summary she said:

- What Madison could see about her financial circumstances from the application form ought to have caused it to carry out more detailed checks. She said it was implausible that she would have no outgoings.
- Madison used a lower monthly income amount when assessing affordability than what was on the application. This shows it must have had concerns about what was on the application and therefore it should have investigated her monthly income further.
- Madison should have done more to verify her financial circumstances before lending. She had a significant amount of unsecured debt at the time and the checks did not go far enough as they relied solely on estimates rather than her actual financial position.

The complaint has been passed to me for a final 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.

There wasn't a set list of checks Madison was required to complete before lending to Mrs G. The rules required it to ensure it carried out proportionate checks. What is proportionate will vary with each lending decision and takes into account things such as (but not limited to): the

amount of credit, the size of the repayments, the cost of the credit, the purpose the credit was taken out for and the consumer's circumstances.

I have seen the original application which shows that Mrs G was employed full time and that her monthly income was £7,044. Madison has explained that its policy is to cap income to £5,000 when assessing affordability and it verified with credit reference agency data that Mrs G's income was at least this amount.

Mrs G didn't declare any regular outgoings on her application. However, Madison completed a credit search, which showed Mrs G had many credit commitments. Her monthly repayments towards other unsecured credit totalled around £2,000 according to Madison's checks.

Mrs G also had a joint mortgage with monthly repayments of £2,115 for which I think it is reasonable Madison assumed Mrs G paid half towards. This is because she had joint liability for the debt and as there were no outgoings declared on the application, it was reasonable to assume she wasn't responsible for the full payment. Lastly, Madison used statistical data to estimate her regular essential household costs. Using all these figures it estimated that Mrs G would have at least £700 disposable income available to her every month based on her capped income of £5,000. It said it was satisfied based on this that the lending was affordable to her.

Mrs G said she was overdrawn in her current account. The checks Madison completed did show she was overdrawn in one of her current accounts by £870, although Mrs G held several current accounts and only one was overdrawn. I don't think this ought to have caused any significant concern to Madison given that the level of disposable income Mrs G appeared to have, the overdraft could be cleared in full quickly.

I consider Madison was reasonable to think Mrs G did have a significant amount of disposable income each month. Especially since the application stated her income was over £2,000 more each month than what Madison had used in its calculations. This increases the disposable income to around £2,700. Because of this I don't think it would have been necessary for Madison to carry out further checks to ensure the loan was affordable and I consider the checks it did were reasonable and proportionate in this case.

Mrs G says Madison must have been concerned about her declared level of income because it capped it at £5,000. Madison has explained that its policy is to always use a maximum figure of £5,000 income per month. As the check Madison completed with the credit reference agency showed Mrs G was likely receiving an income of at least £5,000 per month, it wasn't necessary for Madison in the specific circumstances of this case to establish whether Mrs G was really earning what she said she was. This is because it was satisfied that the loan would be affordable with an income of £5,000. Whether she actually earned more than this would have made no material difference to its lending decision.

Mrs G says that because she declared she had no outgoings at the time of the application, this should have led Madison to check her bank statements, which would have shown the loan was unaffordable. Madison didn't rely only on what Mrs G declared about her outgoings, as I've said above, it carried out a credit search to establish her unsecured credit commitments and used statistical data to estimate her likely living costs. I don't think that was unreasonable here as the checks didn't reveal any recent concerns about Mrs G's ability to repay the previous borrowing or the new loan. Further, it appeared that Mrs G had a sizeable monthly income which was confirmed by the checks Madison completed.

The credit checks revealed that Mrs G did experience some repayment difficulty in the past with a default on her file, however this was around five years earlier and other than one late

payment on a loan in 2022, there was no indication that she had been struggling since. As there was nothing concerning on her credit file recently, such as signs of repayment difficulty or concerning increases to borrowing, I don't think there was any reason for Madison to have carried out more thorough checks. For the same reasons, I don't think there was anything in the checks that it completed that ought to have caused it concern about Mrs G's ability to afford the borrowing. Therefore, I'm not persuaded it acted unfairly when it granted the credit to her.

In reaching my conclusions, I've also considered whether the lending relationship between Mrs G and Madison might have been unfair to Mrs G under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Madison did not lend irresponsibly when providing Mrs G with the credit card, or otherwise treat her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

While it'll likely come as a disappointment to Mrs G, I won't be upholding her complaint against Madison CF UK Limited trading as 118 118 Money for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 23 December 2025.

Jenny Hiltunen
Ombudsman