

The complaint

Mr S complains that Madison CF UK Limited trading as 118 118 Money lent irresponsibly when it approved her credit card application.

What happened

Mr S applied for a 118 118 Money credit card in August 2024. In his application, Mr S said he was earning £2,239 a month. 118 118 Money used a service provided by the credit reference agency to help verify Mr S' income that returned a figure of £1,946 a month. 118 118 Money used that figure when conducting its affordability assessment.

A credit search found Mr S owed around £2,500 in other credit card debt and £2,556 in loans. Some defaults and overlimit accounts were noted but Mr S' recent credit file information shows his commitments were up to date and there were no recent arrears. 118 118 Money used a repayment figure of £218 a month for Mr S' regular commitments.

An affordability assessment was completed using a rent figure of £311 a month along with an estimate of Mr S' general living expenses of £426 a month. 118 118 Money applied Mr S' credit commitments, rent and general living expenses to his income and reached the view he had a disposable income of £990 a month after covering his existing outgoings. 118 118 Money approved Mr S' application and issued a credit card with a limit of £500.

More recently, Mr S complained that 118 118 Money lent irresponsibly in relation to the credit card and a loan that was approved a short time later. 118 118 Money issued a final response and said it had carried out the relevant lending checks before approving Mr S' credit card and didn't uphold his complaint.

An investigator at this service looked at Mr S' complaint. They ultimately thought 118 118 Money completed proportionate checks before approving Mr S' credit card application and that its decision to lend was reasonable based on the information it obtained. The investigator wasn't persuaded 118 118 Money lent irresponsibly and didn't uphold Mr S' complaint. Mr S asked to appeal, so his complaint has been passed to me to make 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.

Before agreeing to lend, the rules say 118 118 Money had to complete reasonable and proportionate checks to ensure Mr S could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;

- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information 118 118 Money used when considering Mr S' credit card application above. I can see Mr S gave his monthly income as £2,239 but when 118 118 Money verified what he said it returned a slightly lower figure of £1,946. 118 118 Money used the lower figure in its lending assessment. Mr S also gave a rent figure of £300 and I can see 118 118 Money used a monthly figure of £311 in its affordability calculations. 118 118 Money also used an estimate for Mr S' general living expenses of £426 a month – an approach it's allowed to take under the relevant lending rules. I'm satisfied 118 118 Money used reasonable income and outgoings figures in its affordability assessment.

The credit search provided shows Mr S had several defaults on his credit file, some settled and other unsatisfied. But the newest default I saw was from around a year before the credit card application was made. I can see there an instance of an account being over the agreed limit but the balance was quickly brought back within the agreed limit the following month. There were no current arrears at the time of application. And I'm satisfied 118 118 Money took Mr S' existing debts and monthly repayments totalling £218 into account when considering the application.

118 118 Money applied its lending criteria and completed an affordability assessment, reaching the view Mr S had a disposable income of around £990 a month after covering his existing outgoings. In my view, that was a reasonable conclusion to reach. I also think it's reasonable to say the credit limit of £500 was reasonably modest which reduced the potential for financial harm to Mr S. Overall, I'm satisfied 118 118 Money carried out reasonable and proportionate checks before deciding to lend. And I'm satisfied the decision to approve Mr S' application was reasonable based on the information 118 118 Money obtained. I'm very sorry to disappoint Mr S but I haven't been persuaded that 118 118 Money lent irresponsibly when it approved his credit card application.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think 118 118 Money lent irresponsibly to Mr S 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 decision is that I don't uphold 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 9 January 2026.

Marco Manente
Ombudsman