

The complaint

Mr H complains that Madison CF UK Limited trading as 118 118 Money was irresponsible in its lending to him. He wants the interest he has paid refunded along with statutory interest and the balance outstanding on his loan cleared. He also wants compensation for the distress and inconvenience he has been caused.

What happened

118 118 Money provided Mr H with two loans, the details of which are set out below.

Loan	Date	Amount	Term	Monthly repayments
1	December 2020	£1,000	12 months	£100.82
2	November 2021	£4,200	48 months	£152.88

Mr H doesn't think that an accurate assessment of his financial situation was undertaken before 118 118 Money lent to him. He said that had it completed further checks on the information it had available it would have seen he was suffering with a gambling addiction. He said the 118 118 Money loans have not been affordable given the high rate of interest and that this has affected his mental health.

118 118 Money issued a final response to Mr H's complaint dated 14 May 2025. It said that before lending it asked questions about Mr H's income and expenditure as well as about his personal circumstances and employment details. It then verified his income and used credit reference agency and third party data to assess his expenses. It said that its checks were proportionate, and the agreements appeared affordable.

Mr H referred his complaint to this service.

Our investigator noted the information 118 118 Money gathered before the loans were given and thought this raised issues that meant further checks should have taken place. He therefore considered the information contained in Mr H's bank statements for the months leading up to the loans to see what proportionate checks would have shown and he found that these raised concerns that Mr H was struggling financially and gambling. Therefore, he didn't think that 118 118 Money made fair lending decisions, and he upheld this complaint regarding both loans.

118 118 Money didn't accept our investigator's view. In regard to the first loan, it noted our investigator's comment about Mr H taking out cash advances but said there were no cash advances within six months of the first loan being provided and no new accounts opened. It said that while Mr H's overdraft limit had been increased this was then lowered again and Mr H was able to bring his account back to zero each month. 118 118 Money said it calculated Mr H's disposable income to be sufficient to meet the loan repayments and didn't accept that its checks weren't proportionate.

Regarding loan two, 118 118 Money said that while Mr H had taken out cash advances within the previous 12 months he had only taken out £30 in the eight months before the loan application. It said Mr H's existing accounts were well managed and his utilisation of his credit balances had decreased to 88% (compared to 97% with the previous loan). It thought its checks were reasonable and therefore it didn't need to request copies of Mr H's bank statements.

Our investigator acknowledged 118 118 Money's comments but as these didn't change his view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a decision.

My provisional conclusions

I issued a provisional decision not upholding this complaint. The details from my decision are set out below.

Mr H was provided with two loans, and I have considered each lending decision below.

Loan one: December 2020

Loan one was for £1,000 and required monthly repayments of around £101. As part of the loan application, Mr H was asked about his employment, income, residential status and dependents. Mr H said he was employed full time with an income of £1,890, was renting and had no dependents. Mr H's income was verified using an industry tool and a credit check was undertaken.

The credit check showed that Mr H had a default recorded in July 2015 and a county court judgment recorded in March 2016. While this shows Mr H had experienced financial issues, given the timing of these, I find it reasonable they would be considered as historic, and I do not think this alone meant that the loan shouldn't have been given. As the more recent credit data showed that Mr H was generally managing his accounts (all accounts were up to date and the worst payment status in the previous 12 months was '1'), and he wasn't over indebted (total debt was around £912), and noting the size of the repayments compared to his income, I think the checks carried out were reasonable and proportionate.

However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loans should have been given. To assess that I have considered the outcome of the checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Our investigator noted that Mr H had taken out cash advances on his credit card account and his overdraft had been increased in the months preceding the application. I agree that these can be signs of financial difficulty. However, in this case, the credit report showed that there had been no cash advances in the previous six months, Mr H's overdraft limit had been reduced slightly in July 2020 and August 2020, and he was clearing his overdraft balance in most of the recent months. Therefore, while I can see there was some adverse indicators on Mr H's credit file, I do not think these were such, given the size and term of the loan being provided, that further questions were needed or that the loan shouldn't have been given.

I have then considered the affordability of the loan. Mr H's income was verified, and an income figure of £1,512 was used in the affordability assessment. His credit file showed he had outstanding loans and credit card debt and the repayments based on the credit file were around £91 a month. Mr H didn't declare an amount for his rent or other costs and estimates were used. As the calculations showed Mr H's disposable income to be around £432 after

his credit costs, housing and other living expenses and the 118 118 Money loan repayments, I do not find that I can say this loan appeared unaffordable.

Loan two: November 2021

Mr H applied for a second loan with 118 118 Money in November 2021. While this was only around a year after the first loan, I note that Mr H made the repayment due on his first loan before settling it early in February 2021. Therefore, there was a reasonable gap between the first loan being repaid and the second being applied for. Therefore, I do not find I can say his account history with 118 118 Money showed he was reliant on the borrowing or signs that he struggled to manage his previous loan.

Loan two was for a larger amount, £4,200, and had a longer term and larger monthly repayments. Before the loan was provided, information about Mr H's employment, income, residential status and dependents was gathered. Mr H said he was employed full time with an income of £2,177, was renting with housing costs of £300 and had no dependents. Mr H's income was verified using an industry tool and a credit check was undertaken.

Mr H's credit check showed that he had total outstanding balances of around £2,470 and these were revolving credit balances. He was utilising around 88% of his available credit. While this was a reduction in the utilisation compared to when he made his first application, I note his available credit limits had increased from £700 to £2,800. Mr H had no defaults recorded in the previous 36 months and no new county court judgements (the judgement from 2016 was shown as being satisfied). Mr H's active accounts were all up to date and there were no missed or late payments recorded in the previous 12 months.

Our investigator noted that Mr H had taken out cash advances and that his overdraft limit had been increased. The credit report showed that Mr H's overdraft limit was increased in September 2021 to £1,600 (from £1,200) it also showed that Mr H was clearing his balance each month. Mr H had taken out cash advances and while he had taken out £570 in the previous 12 months, he had only taken out £30 in the previous six months. So, on balance, while there was some adverse information shown in Mr H's credit report, considering the overall picture presented by the results, I do not find this was such that further verification of Mr H's financial position was needed.

I have therefore considered whether, based on the information received through the checks it was reasonable that the loan was given. For the reasons set out above I do not think Mr H's credit report results meant that the loan shouldn't have been given and so I have considered the affordability of the loan.

Mr H declared a monthly income of £2,177 and following verification, 118 118 Money included a figure of £1,893. Based on the credit results, Mr H's existing credit commitments were around £124 a month and he declared his rent as £300. Estimates were used for his other outgoings. Deducting these, and the 118 118 Money loan repayments of around £153, from Mr H's verified income would leave disposable income of around £792. Based on this, I accept that the loan was considered affordable for Mr H.

So, for the reasons set out above, I do not intend to uphold his complaint.

I've also considered whether 118 118 Money acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with Mr H might have been viewed as unfair by a court 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 H or otherwise treated him unfairly in relation to this matter. I haven't

seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

Mr H didn't accept my provisional decision. He said that while he was able to clear his overdraft each month this was due to his salary being paid into his account and it wasn't due to any residual income. He said that an overdraft was meant for short term emergency borrowing and shouldn't be considered as part of his disposable income. He said that noting the size of his overdraft compared to his monthly income this showed he was reliant on this for his living costs. Mr H said his disposable income was much less than had been noted and that a month before loan two he had taken out another loan for £3,600 which should have raised concerns and meant further checks took place. Mr H said that while he appeared to be managing his accounts, he was using one form of credit to repay another which wasn't a sustainable way of operating. Mr H further said that his credit file showed he was only making the minimum repayment due on his credit cards each month. Mr H asked that his case be reconsidered.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

I would like to thank Mr H for taking the time to respond to my provisional decision and I can assure him I have considered the points he has raised and looked again at his complaint. However, having done so, my conclusions haven't changed.

I note Mr H's comments about his overdraft at the time of the loans being provided, but as his credit file showed he was able to clear this each month, it didn't raise concerns that he was struggling to manage this. I note Mr H's comment that his overdraft shouldn't be considered part of his disposable income and I haven't considered it as such, instead I have looked at the results received through 118 118 Money's checks to see if these showed signs that Mr H was struggling, and on balance, I do not find there is enough adverse data to say that 118 118 Money was wrong to provide further credit.

Mr H has noted a loan taken out a month before loan two was provided, however it takes time for new lending to appear on a credit file and in this case, the credit check results for loan two showed that Mr H had opened one new account in the previous six months and this was a credit card account with a £1,000 limit which Mr H had kept within. Mr H's credit check showed that his only existing credit commitments at the time were his revolving credit balances. So, while I note Mr H's comment, as I think the checks carried out by 118 118 Money were proportionate, I find it reasonable it relied on the information it received and as this didn't raise any serious concerns about Mr H's overall level of debt or how he was managing this, I do not find I can say 118 118 Money was wrong to provide the loans based on its credit checks.

Mr H has also said that his disposable income was lower than calculated. However, again, as I think the checks were proportionate, it is reasonable that the information 118 118 Money

received through these was relied on. An income verification took place and Mr H's repayments for credit were taken from his credit file. For loan two Mr H provided details of his housing costs and estimates were used for his other expenses. I find this a reasonable approach in this case and based on the disposable income calculated, I do not think this should have raised concerns about the affordability of the loans.

So, for the reasons set out above and in my provisional decision, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 December 2025.

Jane Archer
Ombudsman