

### **The complaint**

Miss S says Madison CF UK Limited, trading as 118 118 Money, irresponsibly lent to her.

### **What happened**

Miss S took out a £6,000 loan over 60 months from 118 118 Money on 15 August 2025. The monthly repayments were £203.30 and the total repayable was £12,198.

Miss S says 118 118 Money should not have lent to her. It knew she was gambling as she used her 118 118 Money credit card to do so. Also, the lender did not help when she needed support. She is now in severe financial difficulties and faces losing her home as she is behind on rent and bills.

118 118 Money says it completed adequate checks that showed the loan would be affordable. It apologised that it did not respond promptly to her request for assistance. It paid £100 compensation for this (this payment also covered service issues on her credit card account).

Our investigator upheld Miss S's complaint. He said 118 118 Money's checks were not proportionate. And better checks would have shown Miss S was in a harmful cycle of debt.

118 118 Money disagreed with this assessment and asked for an ombudsman's review. It corrected two comments the investigator had made about Miss S's credit history pointing out that all Miss S's active accounts were well-managed. It said even with Miss S's lowest reported monthly income the repayments were affordable. And it suggested Miss S was taking out this loan to consolidate other debts and improve her financial position.

### **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.

We've set out our general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Miss S's complaint. These two questions are:

1. Did 118 118 Money complete reasonable and proportionate checks to satisfy itself that Miss S would be able to repay the loan without experiencing significant adverse consequences?

- If so, did it make a fair lending decision?
- If not, would those checks have shown that Miss S would've been able to do so?

2. Did 118 118 Money act unfairly or unreasonably in some other way?

The rules and regulations in place required 118 118 Money to carry out a reasonable and proportionate assessment of Miss S's ability to make the repayments under this agreement. The checks had to be borrower focused – so 118 118 Money had to think about whether repaying the loan would cause significant adverse consequences for Miss S. In practice this meant that the business had to ensure that making the payments to the loans wouldn't cause Miss S undue difficulty or significant adverse consequences.

In other words, it wasn't enough for 118 118 Money to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Miss S. Checks also had to be proportionate to the specific circumstances of the loan applications. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss S's complaint.

118 118 Money has provided evidence to show that before lending it asked for some information from Miss S. It asked for her monthly income and verified this externally (£3,514). It estimated her housing costs (£315.93) and general living costs (£490.86) using reasonable averages. It carried out a full credit check to understand Miss S's credit history and her existing monthly credit commitments (£569.55). Based on these checks 118 118 Money thought it was fair to lend as Miss S would be left with £1,934.36 monthly disposable income.

I am not persuaded these checks were adequate given the results of the credit check. This showed Miss S had only recently exited two prolonged arrangements to pay on credit card accounts and she had opened four new credit agreements in the last ten months. I think this ought to have concerned the lender as it was somewhat at odds with the level of disposable income it had calculated for Miss S. In this context, given the loan was over a five-year term I think 118 118 Money needed to complete a fuller financial review before lending.

In cases like this we look at bank statements for the three months prior to application. This is a reliable way for me to recreate what better checks would most likely have shown 118 118 Money.

From them I can see Miss S had opened another two new loan accounts in the days prior to this application that were not on the credit check and indicated a reliance on credit. There were also multiple high value debits to one merchant. Miss S has confirmed these were for

gambling. The statement narrative does not make that clear, but I would have expected 118 118 Money to ask about them to find out what these outgoings that were in the thousands covered. I cannot know what Miss S would have said, it is most likely she would not have declared they were for gambling. However, given the frequency and value, even if 118 118 Money did not know they were for gambling I would have expected it to be concerned by them as it was clear these ongoing debits were creating financial instability and a need for more credit: better checks would have shown as she had actually opened six accounts in the previous ten months – and this would be her third in less than a 7-day period.

Overall, I don't find 118 118 Money had the assurances it needed to conclude that there was no risk its lending might cause financial harm for Miss S. And it needed to consider this to meet its regulatory obligations, not just the pounds and pence affordability. 118 118 Money has defended its lending decision saying Miss S could have been using it to settle other debts, and asked us to check if this was the case. But that is not an acceptable defence. It would be a retrospective justification as it did not know the loan purpose (that field is blank in the application data) when it made the lending decision.

It follows I think 118 118 Money was wrong to lend to Miss S.

*Did 118 118 Money act unfairly or unreasonably in some other way?*

Miss S says 118 118 Money failed to offer support when she contacted it to say she was struggling to make her repayments. I can see she had to call back four days later and I can understand this caused her stress at that time. 118 118 Money has apologised and I find the compensation it has paid to be reasonable in the circumstances taking into account it was a delay of a few days.

### **Putting things right**

As I don't think 118 118 Money ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Miss S should pay back the capital amount she borrowed.

Therefore, 118 118 Money should:

Add up the total repayments Miss S made and deduct these from the total amount of money Miss S received.

- a) If this results in Miss S having paid more than they received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). † 118 118 Money should also remove all adverse information regarding this account from Miss S's credit file.
- b) If any capital balance remains outstanding, then 118 118 Money should arrange an affordable and suitable payment plan with Miss S. Once Miss S has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

† HM Revenue & Customs requires 118 118 Money to take off tax from this interest. 118 118 Money must give Miss S a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

I am upholding Miss S's complaint. Madison CF UK Limited, trading as 118 118 Money, must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 25 December 2025.

Rebecca Connelley  
**Ombudsman**