

Complaint

Mr Q 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 and so shouldn’t have provided it to him.

Background

118 118 Money provided Mr Q with a loan for £1,500.00 in April 2023. This loan was due to be repaid in 24 monthly instalments of £109.28.

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

Mr Q 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 Q’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr Q’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 Q 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 Q’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 Q could afford to make the repayments he was committing to.

On the other hand, Mr Q has said that the monthly payments for the loan were unaffordable for him bearing in mind his existing debts and other committed expenditure.

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

The first thing for me to say is that this was Mr Q'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 Q's application as well as a record of the results of its credit searches. I accept that Mr Q did have some minor adverse information in the form of missed payments, which had been brought up to date.

However, the credit search didn't show any significant adverse information – such as defaults or county court judgments recorded against him. I know Mr Q has said that he had four defaults recorded against him. But I've reviewed the credit search 118 118 Money carried out. And I can't see any defaults on it.

Indeed, 118 118 Money's searches appear to show that Mr Q's active unsecured debt total at the time of the application wasn't excessive 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, which didn't suggest that Mr Q's declaration was inaccurate.

This was a method of checking Mr Q's income that 118 118 Money was entitled to use to, rather than requesting payslips or bank statements from him, as he now says that it should have done. In these circumstances, I'm satisfied that 118 118 Money was entitled to rely on Mr Q's declaration.

Given the overall position in the credit searches, I don't think that anything 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 Q's actual circumstances may not have been reflected either in the information he provided, or the other information 118 118 Money obtained. For example, Mr Q has said that he had defaulted, which as I've explained 118 118 Money wasn't aware of, and he was using his overdraft.

I'm sorry to hear that Mr Q was struggling financially and that he found it difficult to repay his loan. But 118 118 Money could only make its decision based on the information it had available at the time. And, given there wasn't anything inconsistent in the information that 118 118 Money gathered at the time, as well as the amount of the monthly payment, I don't think proportionate checks would have extended into 118 118 Money asking Mr Q to evidence his expenditure in this instance.

For the sake of completeness, I would also add that while I've noted what Mr Q has said about using his overdraft, this in itself doesn't mean that he shouldn't have been lent to either as there is no prohibition to a lender lending to a borrower in such circumstances. 118 118 Money wasn't required to take an in-look at Mr Q's overdraft usage as part of his assessment. More importantly and in any event, if Mr Q is unhappy at being allowed to use his overdraft in the way he says he was, this is a matter that he will have to take up with his bank rather than 118 118 Money.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Mr Q might have been unfair to Mr Q under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think 118 118 Money irresponsibly lent to Mr Q or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, I'm satisfied that 118 118 Money carried out reasonable and proportionate checks which showed this loan to be affordable to Mr Q. So I'm satisfied that it didn't treat Mr Q unfairly or unreasonably when providing this loan to him and I'm not upholding this complaint. I appreciate this will be very disappointing for Mr Q as it's clear that he feels strongly about his complaint. 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 Q's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 9 February 2026.

Jeshen Narayanan
Ombudsman