

The complaint

Mr B complains about Madison CF UK Limited trading as 118 118 Money's decision to lend. Mr B says the lending was irresponsible. Mr B is also unhappy with how 118 118 Money dealt with him when he struggled to keep up with the repayments of his loan.

What happened

118 118 Money lent Mr B one loan in November 2022. The loan was for £3,000 with 36 monthly repayments of £133.62. Mr B has struggled to keep up with his repayments towards the loan.

Mr B said when he made 118 118 Money aware of his struggle to keep up with his repayments, he was subjected to pressure and collection activity. Mr B said despite being in regular contact with 118 118 Money and making it aware of his vulnerability, it added a default marker to his credit file. Mr B says the default was added without proper notification from 118 118 Money.

When Mr B complained to 118 118 Money, it didn't think it was wrong to lend to him but agreed to remove the default from his credit file. Unhappy with the decision, Mr B referred his complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator didn't think Mr B's complaint should be upheld.

Mr B disagreed and asked for an ombudsman to decide his complaint. Mr B said he had another lending complaint upheld against a different lender and that should be taken into consideration here. Mr B also reiterated that he wasn't properly informed about the default and that he wasn't treated fairly despite 118 118 Money being aware of his vulnerability.

To resolve the complaint, Mr B wants the outstanding balance on his loan written off, refund of interest and charges applied and for the default to be removed from his credit file.

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.

I've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Before lending money to a consumer, a lender should take proportionate steps to understand whether the consumer could repay without borrowing further or suffering significant adverse consequences.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves didn't set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key thing was that any checks needed to be proportionate and had to take into account a number of different things, including things such as how much was being lent and when what was being borrowed was due to be repaid. A lender should also take into account and react appropriately to what it knew about the consumer at the time it made its lending decision.

118 118 Money had provided information to show that before it lent to Mr B, he completed an application and declared that he was married with no dependents. Mr B declared that he was an employed homeowner with a monthly income of £2,124.

118 118 Money searched Mr B's credit file and verified his income through credit reference agencies. The income verification returned a monthly income of £1,846.96 which was what 118 118 Money used to make its lending decision. It worked out Mr B's essential living costs to be around £840. The credit file showed that Mr B didn't have any defaults or County Court Judgements (CCJs). The credit file showed all his accounts were up to date on repayments, although he'd previously been in arrears in some of the accounts, these had all been brought up to date. Mr B had also exceeded his overdraft limit by £3. Mr B's monthly credit commitments were around £574. This included his loan repayments and would have taken into account any loans with other lenders.

I appreciate Mr B feels the same outcome should be reached here as it was in his complaint against another lender but each case is looked at on its own merits and I need to consider what 118 118 Money knew or ought reasonably to have known about Mr B when it lent. I think the checks 118 118 Money carried out here were sufficient. This was Mr B's first loan, the monthly repayments represented a small portion of his income and while there were some recent arrears on his credit file, his credit accounts were showing as up to date. This overall picture shouldn't have caused 118 118 Money concern or prompted it to take its checks further.

Thinking about what the checks showed, they showed Mr B was left with sufficient disposable income to repay his loan. In this instance, I don't think 118 118 Money was wrong to lend to Mr B.

Has 118 118 Money acted unreasonably in some other way?

I can see that Mr B struggled to keep up with his monthly repayments. Mr B told 118 118 Money his income had reduced due to his mental health in February 2024. I can see following this, 118 118 Money agreed several repayment plans with Mr B. 118 118 Money asked Mr B to complete an income and expenditure form which he declined to complete. Despite this, 118 118 Money agreed to the amounts and dates Mr B suggested, Mr B confirmed that the repayments he was suggesting didn't impact on his priority bills. When Mr B was unable to keep up with any of the repayment plans, 118 118 Money added a default to his credit file.

118 118 Money has now taken steps to remove the default from his credit file and I think that is a fair way to put things right in relation to the default. Looking at how 118 118 Money dealt with Mr B overall, I don't think it has acted unfairly. I haven't seen anything that persuades me that it was putting pressure on Mr B. Mr B had a contractual obligation to keep up with his monthly repayments and 118 118 Money exercised its right to request payment when it fell due. It has also taken into account its duty to treat Mr B positively by working with him and agreeing to the repayment plans he has suggested.

So, while I understand that it would have been inconvenient for Mr B to deal with 118 118 Money requesting payments, I can't see that it has treated Mr B unfairly here. I also don't think Mr B's vulnerability meant 118 118 Money shouldn't have sought to request payments that were due on the agreement. I'd remind 118 118 Money of its duty to treat Mr B positively in his financial situation.

I've also considered whether 118 118 Money acted unfairly or unreasonably in some other way, including whether its relationship with Mr B might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think 118 118 Money lent irresponsibly to Mr B 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.

My final decision

For the reasons given above, I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 March 2026.

Oyetola Oduola
Ombudsman