

The complaint

Mr W complains that Madison CF UK Limited trading as 118 118 Money should not have given him a personal loan in December 2024. He says he was already in his overdraft a lot, had several other debts, and was struggling with gambling. He says the lender relied on modelled spending rather than his real outgoings and that any surplus shown on paper was not genuine. He wants interest and charges removed and his credit file put right.

What happened

On 1 December 2024 the business gave Mr W a personal loan. The amount of credit was £1,000. The annual percentage rate was 49.9%. The term was 24 months. The monthly repayment was £61.87.

Mr W said the lender should have seen from his situation that the loan was not affordable. He said his wages were absorbed by bills and credit payments so he stayed in his overdraft each month. He said he had gambling spend at the time and that the firm should have recognised he was vulnerable.

The business said it carried out proportionate checks before it lent. It said it took application information, verified income using its tools, checked credit file data and used modelled figures to set a fair view of spending. It said the credit file showed a total balance of about £7,057 on his accounts, high use of revolving credit, some overlimit events and a number of recent new accounts, but no recent arrears or defaults. It said the loan was affordable and it did not uphold the complaint.

Our service later said the firm should have asked more about outgoings before it lent because the credit file showed an account over its limit and a number of recent new accounts, including deferred payment accounts. But we also said that, even if further questions had been asked, on balance the lending would still likely have gone ahead. Using Mr W's bank statements for the three months before the loan, we said that after his essential bills, his existing credit payments and the new £61.87 loan payment he would have had about £365 left each month. We noted gambling spend on the statements but not at a level that changed that conclusion. We said the complaint should not be upheld.

Mr W did not accept that view. He said the surplus was not genuine because his account stayed in overdraft and his wages were absorbed each month, and he asked for an Ombudsman's final 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.

I know money worries are hard, and I do not underestimate how stressful this has been for Mr W. If he needs support, NHS services can help and I encourage him to reach out.

When I look at a complaint like this I first think about whether the lender carried out checks that were reasonable and proportionate for the type and cost of the credit. I then think about whether what those checks showed meant it was fair to lend at the time. What is proportionate depends on the amount, the cost, the term and anything in the information gathered that points to a higher risk.

On balance I think the business should have asked for more detail about Mr W's outgoings before it lent because the credit file showed an account over its limit and a number of recent new accounts. But that does not end the matter. I then need to consider whether, if proportionate checks had been done, they would more likely than not have shown that Mr W could not sustainably afford the loan.

I have looked at the bank statements for the three months before the loan. This isn't because I would've expected the business to do so, but because it's the easiest way for me to piece together what an income and expenditure assessment might have shown at the time.

These show an average net income of about £1,990. I have used those statements to allow for essential bills and existing credit payments. I have then allowed for the new £61.87 loan payment. On that basis there would still have been about £365 left each month at the time.

I have also thought about Mr W's point that he was often in his overdraft. Being in an overdraft in itself isn't necessarily and indicator of financial difficulty. The statements show the account stayed within its limit, and therefore nothing adverse would've been reported to the credit reference agencies. I have included overdraft charges in the monthly spending.

I have also seen gambling transactions in that period, but because I wouldn't have expected 118 118 to have reviewed Mr W's statements in full, I don't think they ought reasonably to have been aware of any gambling. I am deciding this on what was reasonably knowable at the time of the lending and, taken together, I do not think the information shows that the loan was more likely than not to be unsustainable for Mr W in December 2024.

In reaching my conclusions, I've also considered whether the lending relationship between Madison CF UK Limited trading as 118 118 Money and Mr W might have been unfair under section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've explained, I don't think Madison CF UK Limited trading as 118 118 Money irresponsibly lent to Mr W. And I haven't seen anything to suggest that section 140A CCA would lead to a different outcome here.

So I do not uphold Mr W's complaint.

My final decision

For the reasons I have explained, I do not uphold Mr W's complaint about Madison CF UK Limited trading as 118 118 Money. I am not directing the business to refund interest or charges, to pay statutory interest, to change how it has reported the account beyond what would ordinarily reflect how the account was run, or to take any other action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 April 2026.

Marco Silva
Ombudsman