

The complaint

Mr C complains Madison CF UK Limited trading as 118 118 Money (“Madison”) unfairly applied interest and took payments while he was in financial difficulties.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it at length here. As a summary, Mr C took holds a fixed sum loan and credit card with Madison.

In October 2024, Mr C entered into a debt management plan and asked Madison for support in repaying both the loan and credit card. Madison agreed to a payment arrangement; however, Mr C was unhappy Madison wouldn’t agree to reduce the interest applied to his loan.

Mr C entered into the fixed sum loan agreement in July 2024, borrowing £5,000 and agreed to repay just over £8,000 over 36 months, with monthly payments of £222.51.

Madison doesn’t agree it’s done anything wrong in asking that the full amount of the loan be repaid, as this was agreed before Mr C signed the loan agreement.

Unhappy, Mr C referred his complaint to the Financial Ombudsman. I previously set out my provisional findings, which I’ve included below.

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

I’ve given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

I’ve started by reviewing Mr C’s concerns that Madison isn’t treating him fairly, in declining to amend the amount of interest payable as set out in the loan agreement.

When a customer makes a firm such as Madison aware they’re experiencing financial difficulties, I’d expect it to treat its customer sympathetically and positively, including suspending or waiving any further interest or charges.

This doesn’t however mean Madison must amend the terms of the loan, such as the interest rate or amount of interest that was agreed when the agreement was entered. Rather, Madison shouldn’t charge further interest on any amount of arrears that may become outstanding.

This is what Madison has done, in that having agreed to a payment arrangement with Mr C, it hasn’t applied any further interest or charges to the arrears on Mr C’s loan.

Madison has acknowledged that it took contractual payments in April and May 2025 but shouldn’t have done this having been aware of Mr C’s circumstances.

Following our Investigator's opinion, I asked Mr C for further information to better understand his current situation. Mr C explained that after the payments in April and May 2025 were charged to his account, he successfully disputed these through his bank, and both were refunded.

I therefore don't think it would be proportionate to say Madison should refund these payments again, as they've already been credited back to Mr C, albeit through his bank. Doing so would mean he received these payments back twice and would further increase the amount owing on his loan. As Mr C's received these payments back, I therefore think it's more appropriate to consider fair compensation to acknowledge the error made in taking these payments.

In doing so, Mr C has explained that the payments caused him difficulties, and I note he was without the funds for approximately a month, before being credited back to his current account. I don't doubt this was a concerning time for Mr C as he's explained he wasn't expecting these payments to be taken and had expected to use the funds for other purposes. Therefore, to resolve this complaint, I think it's fair that Madison pays Mr C £200 compensation to acknowledge any distress and inconvenience caused.

I note Mr C is also unhappy about the level of contact he's received from Madison's collections team and while the complaint has been ongoing with our Service. I understand Mr C has complained about this separately receiving a response from Madison in August 2025. As this has occurred after the complaint was originally referred to our Service, I won't be commenting on it here. Rather if Mr C is unhappy with Madison's response on this point, he'd need to raise this as a separate complaint with our Service.

I didn't receive a response or any further comments from Madison by the deadline set in my provisional findings. Mr C responded with the following comments, which I've summarised:

- He doesn't consider forbearance measures operate fairly when interest is front-loaded on a loan;
- When the April and May 2025 payments were refunded by his bank, Madison chased frequently saying his account was in arrears;
- The impact of these payments being taken was significant and caused financial stress; and
- He asked that the pattern of contact following the creations of the arrears be considered as part of the overall assessment of distress and inconvenience.

The complaint has therefore been passed back to me, to finalise my 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.

Having done so, I've reached the same conclusions as those set out in my provisional findings above. I appreciate this may not be the answer Mr C is hoping for, however I consider it a fair outcome in the circumstances.

I've given consideration to Mr C's comments about the forbearance measures Madison applied to his loan. However, for the reasons explained above, I think Madison acted reasonably. The terms of Mr C's agreement sets out that interest for the duration of the loan is applied on the date the agreement is signed. So, I don't find Madison is then required to vary the terms of the agreement if Mr C's circumstances change, rather I'd expect it to agree

an affordable repayment plan and waive further interest on arrears, which is what it's done here.

I've also taken on board Mr C's comments about the level of contact he received from Madison in relation to the arrears on his account, however, as explained above, as Mr C complained about this separately and received a response from Madison after he'd referred this complaint to our Service, he'd need to raise this matter as a new complaint with our Service if he remains unhappy about the level of contact from Madison.

Considering fair compensation, I find £200 to be reasonable and in line with how our Service makes awards for distress and inconvenience. I don't doubt that having the April and May 2025 payments charged to his current account would have been of significant concern to Mr C and while a monetary payment doesn't take away the upset caused, I think £200 fairly acknowledges the error that was made. I therefore won't be directing Madison to pay more than this.

My final decision

For the reasons given above, I uphold this complaint and direct Madison CF UK Limited trading as 118 118 Money to pay Mr C £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 February 2026.

Christopher Convery
Ombudsman