

Complaint

Mrs B has complained about a loan Madison CF UK Limited (trading as “118 118 Money”) provided to her. She says that it ought to have known the loan was unaffordable and she wasn’t in a position to sustainably manage further credit at this time.

Background

Mrs B has also separately complained about a credit card 118 118 Money provided to her. However, we’ve explained that we’re considering that complaint separately and this decision is only looking at Mrs B’s loan complaint.

118 118 Money provided Mrs B with a loan for £4,000.00 in May 2024. This loan was due to be repaid in 36 monthly instalments of £178.52.

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

Mrs B disagreed and asked for an ombudsman to look at her 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 Mrs B’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mrs B’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 Mrs B 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 Mrs B’s application after she provided details of her monthly income and some information on her expenditure. It says it cross-checked this

against information on a credit search it carried out and all of this information showed Mrs B could afford to make the repayments she was committing to.

On the other hand, Mrs B has said that the monthly payments for the loan were unaffordable to her and caused her hardship so she shouldn't have been lent to.

I've carefully thought about what Mrs B and 118 118 Money have said.

The first thing for me to say is that this was Mrs B'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 Mrs B's application as well as a record of the results of its credit searches. I accept that Mrs B did have a defaulted account recorded against her. But given this occurred almost five years prior to this application, I don't think that it was unreasonable for 118 118 Money to have placed less weight on this information than the activity on Mrs B's more recent accounts.

118 118 Money's searches appear to show that Mrs B's active unsecured debt total at the time of the application was especially high in comparison to her declared income which had been validated against information from credit reference agencies on the amount of funds going into her main bank account each month. So I don't think that there was anything in the credit searches that in itself stood out to indicate that the monthly payments may have been affordable, or as an obvious reason not to lend to her.

At the absolute most, it could be said that the monthly payments as well as the cost for credit might have necessitated 118 118 Money finding out a bit more about Mrs B's actual living expenses. However, I don't think that 118 118 Money obtaining further information on Mrs B's actual living costs would have made a difference to its decision to lend in this instance.

I say this because what I've been provided with from Mrs B suggests that when her committed regular living expenses from the time are added to her existing credit commitments and then deducted from her monthly income, she appears, at the time at least, to have the funds to sustainably make the repayments due under this agreement.

As this is the case, I'm not persuaded that even if 118 118 Money carrying out further checks on Mrs B's living costs, rather than relying on estimates of this, would have shown the monthly payments to this loan to be unaffordable for Mrs B. So I don't think that 118 118 Money doing further checks would have made a difference here and so it did not do anything wrong when deciding to lend to Mrs B.

For the sake of completeness, I would also add that I've considered what Mrs B has said about her medical condition. I'm sorry to hear about what she's told us. Although, as Mrs B submissions suggest that she's been recently diagnosed, it's clear that this is information that 118 118 Money didn't know about and neither could it be expected to have known about at the time it lent either.

In these circumstances, while I sincerely sympathise with what Mrs B has told us about her condition and the effect that it may have had on her ability to make her payments, I don't think it means that 118 118 Money shouldn't have lent to her.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Mrs B might have been unfair to Mrs B 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 Mrs B or otherwise treated her 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. So I'm not upholding this complaint.

I appreciate this will be very disappointing for Mrs B. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 23 March 2026.

Jeshen Narayanan
Ombudsman