

The complaint

Mr T complains that Madison CF UK Limited trading as 118 118 Money irresponsibly gave him a fixed sum loan agreement he couldn't afford to repay.

What happened

In July 2025, Mr T applied for a £2,000 loan with 118 118 Money which was approved. He was required to pay 24 monthly repayments of £146.09. In December 2025, he complained to 118 118 Money to say that the loan had been unaffordable from the outset and appropriate affordability checks ought to have shown that to be the case.

118 118 Money didn't agree it had acted unfairly in lending to Mr T. It said that its credit checks showed that Mr T had experienced financial difficulties in the past. It said the checks also showed some late or missed payments on open accounts over the past two years but at the time of the application all accounts were up to date. It said it was satisfied that its checks showed that the agreement was likely to be affordable.

Our investigator didn't recommend the complaint be upheld. They didn't think 118 118 Money had made an unfair lending decision.

Mr T didn't agree. In summary, he said:

- He had a County Court Judgment ("CCJ") which was still active with an outstanding balance. This should have been an indicator of serious financial difficulties.
- While he had defaults applied to his credit file several years ago it still demonstrated a long-term pattern of financial difficulty.
- His bank account statements showed persistent overdraft use, returned direct debits and a reliance on credit with no surplus income.

As there was no agreement, the complaint has been passed to me for a 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.

Mr T has also said he is unhappy about 118 118 Money placing a late payment marker on his credit file while he was in an agreed breathing space. However, this specific issue did not form part of the original complaint he made to 118 118 Money which concerned only the decision to lend to him. As 118 118 Money has not had the opportunity to investigate Mr T's complaint about the late payment marker, I don't have the power to look into that as part of this decision. Mr T would need to refer that complaint to 118 118 Money first. This decision will therefore only focus on 118 118 Money's decision to lend.

Before lending to Mr T, 118 118 Money were required to carry out checks to ensure he

would be able to afford the repayments. There isn't a set list of checks that had to be completed. Instead, the rules and guidance in place at the time required checks to be proportionate to the specific lending decision. In deciding what would be proportionate, a lender needed to take into account things such as (but not limited to): the amount borrowed, the cost of credit, the size of the regular repayments, the term and the consumer's individual circumstances.

As part of the application, 118 118 Money says Mr T declared an annual income of around £22,000. 118 118 Money used credit reference agency data to verify what Mr T had declared. The check showed that it was likely Mr T's income was at least the amount he had said.

118 118 Money also completed a credit check. This showed that Mr T had defaulted on four accounts between 2020 and 2023. The most recent of these was around 20 months before he applied for the loan with 118 118 Money. Two of the default balances had been settled but two remained outstanding with a combined remaining balance of around £270.

The check also showed that Mr T had a CCJ from 2020 with an outstanding balance of around £850. Given how long ago these defaults and CCJ had first taken place, I don't think they ought to have caused 118 118 Money any particular concern that Mr T was still in financial difficulty now. I accept some of the defaults and the CCJ still had an outstanding balance, but the fact Mr T had settled two of the defaults (one of which he appeared to originally have owed over £2,000) I think would have given 118 118 Money some reassurance that his financial situation had improved and was more stable.

The credit check showed that Mr T had a relatively low amount of active unsecured credit at around £1,300 and that he wasn't utilising all of his available revolving credit limits. I'm not persuaded this ought to have caused 118 118 Money any specific affordability concerns. This is because it didn't appear to suggest Mr T was reliant on borrowing. Other than Mr T going over an agreed £350 credit limit by £7 (which he quickly corrected) there was no recent adverse reporting on any of the active accounts. This suggested that Mr T was now managing his active credit commitments well. I don't consider that one instance of being over the limit by such a small sum in isolation being any reason why 118 118 Money ought to have been particularly concerned about the affordability of the loan.

118 118 Money says it used statistical data to estimate Mr T's essential living expenditure. After taking this into account and his repayments to his outstanding debts it says that Mr T appeared to have sufficient disposable income to comfortably afford the loan repayments.

Having reviewed what 118 118 Money did and what information and evidence it gathered, I'm satisfied that in the specific circumstances of this case it completed reasonable and proportionate affordability checks. I'm also satisfied that these checks didn't reveal any affordability concerns and its decision to lend to Mr T was fair.

Mr T says his bank statements show he was in financial difficulty. However, I don't think there was any reason for 118 118 Money to manually review his bank statements before lending to him. I'm satisfied that the checks it completed were proportionate and there was no reason for it to do more in this case. Based on what it could see about Mr T's circumstances the lending appeared to be affordable and sustainable. I therefore don't think it made an unfair lending decision.

In reaching my conclusions, I've also considered whether the lending relationship between 118 118 Money and Mr T might have been unfair to Mr T 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 T 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.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 17 March 2026.

Tero Hiltunen
Ombudsman