

## **The complaint**

Mr S complains that Madison CF UK Limited trading as 118 118 Money irresponsibly lent to him.

## **What happened**

Mr S was approved for a 118 118 Money credit card in December 2022, with a £1,200 credit limit. The credit limit was increased a further three times. Mr S says that this was irresponsibly lent to him. Mr S made a complaint to 118 118 Money, who partially upheld his complaint. They said that the initial lending should have been affordable, but they shouldn't have increased the credit limits on the account. Mr S brought his complaint to our service.

Our investigator upheld Mr S' complaint. She said that 118 118 Money should have completed further checks, and they would have shown Mr S did not have enough disposable income in order to make affordable and sustainable repayments for a £1,200 credit limit.

118 118 Money asked for an ombudsman to review the complaint. They said that although Mr S had been in an arrangement for his mortgage this was ten months ago, and he had exceeded his overdraft limit this was four months ago, and he was up to date on his accounts at the time of the checks. They said the County Court Judgements (CCJ's) and the defaulted accounts were historic.

## **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.

As Mr S and 118 118 Money agree that he shouldn't have been given the credit limit increases, then I'm not minded to interfere with this, and as such I will not make any findings on the credit limit increases. Instead I will focus my attention on whether 118 118 Money's checks for the initial credit limit were proportionate, and whether a fair lending decision was made.

Before agreeing to approve the credit available to Mr S, 118 118 Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks 118 118 Money have done and whether I'm persuaded these checks were proportionate.

118 118 Money said they completed a credit check with a Credit Reference Agency (CRA) and they used information that Mr S had provided before approving his application. The information showed that Mr S declared he was employed, and he declared a net monthly income of £2,960.

The CRA reported that Mr S had defaulted on accounts, with the last default being 2018, and

he had CCJ's showing on his credit file, with the last CCJ being from 2019. It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks 118 118 Money made to see if they made a fair lending decision.

The CRA that 118 118 Money used reported that Mr S had £15,277 of active unsecured debt. 118 118 Money completed an affordability assessment which included a mixture of information that Mr S had given them, information from the CRA they used, and modelling. The affordability assessment showed that Mr S should be able to afford sustainable repayments for the £1,200 credit limit.

But the CRA also reported that Mr S had exceeded his overdraft at least twice in the last six months. While I accept he returned within his overdraft limit when the monthly reporting of his account was reported to the CRA, this could be a sign of financial difficulty. In addition to this, Mr S had opened three credit agreements in the six months leading up to his 118 118 Money credit card being opened. So this could suggest that Mr S may be becoming more reliant on credit.

One of these agreements which was opened was for a credit card agreement, with a £1,200 credit limit. But this credit card was showing as being opened on 28 November 2022. So as Mr S applied for another credit card less than two weeks later, then I'm persuaded that 118 118 Money should have completed further checks to ensure the new repayments for a £1,200 credit limit would be affordable and sustainable for him.

There's no set way of how 118 118 Money should have made further proportionate checks. One of the things they could have done was to contact Mr S to ask him why he applied for this credit card when a credit card had just been approved for him less than two weeks earlier. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Mr S has provided his bank statements leading up to this lending decision. I'm conscious that one of these statements was produced after this lending decision, so the full statement wouldn't have been produced by this point, however, I've reviewed the transactions prior to this lending decision.

Mr S' bank statements show financial difficulty on the statements. I say this as he is often near his £2,600 overdraft limit, and he sometimes exceeds this (albeit the account is brought back into the arranged overdraft limit on the same date). But if I consider Mr S' fixed outgoings, and his priority outgoings, then Mr S does not appear to have enough disposable income to be able to sustain affordable repayments towards a £1,200 credit limit and have enough disposable income for emergencies/bill increases.

So if 118 118 Money had requested Mr S' bank statements as part of a proportionate check, it would appear that he didn't have the disposable income in order to make sustainable and affordable repayments for a £1,200 credit limit. So I'm not persuaded that 118 118 Money made a fair lending decision here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed at the end of this decision results in fair compensation for Mr S in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

## **Putting things right**

Our investigator has suggested that 118 118 Money takes the actions detailed below, which I think is reasonable in the circumstances. In addition to this, if 118 118 Money do not own the debt anymore for the account, then they should also transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly.

## **My final decision**

I uphold this complaint. Madison CF UK Limited trading as 118 118 Money should take the following actions:

118 118 Money should arrange to transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly;

Rework the account removing all interest, fees, charges, and insurances (not already refunded) that have been applied;

If the rework results in a credit balance, this should be refunded to Mr S along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. 118 118 Money should also remove all adverse information regarding this account from Mr S' credit file;

Or, if after the rework there is still an outstanding balance, 118 118 Money should arrange an affordable repayment plan with Mr S for the remaining amount. Once Mr S has cleared the balance, any adverse information in relation to the account should be removed from Mr S' credit file.

*\*If 118 118 Money considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr S how much they've taken off. They should also give Mr S a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 March 2026.

Gregory Sloanes  
**Ombudsman**