

## **The complaint**

Miss M complains that Madison CF UK Limited trading as 118 118 Money irresponsibly lent to her.

## **What happened**

Miss M was approved for a 118 118 Money credit card in March 2019, with a £250 credit limit. Miss M says that 118 118 Money irresponsibly lent to her. Miss M made a complaint to 118 118 Money, who upheld her complaint.

118 118 Money said that Miss M had been delinquent and had defaults in the 12 months prior to the lending, and they said while this would not necessarily mean that the lending was inappropriate, it may have had an adverse effect on her financial circumstances so they would refund £123, request the debt back from the debt purchaser they assigned it to, and they would remove negative information about the account to the Credit Reference Agencies (CRA's), which could take up to 90 days. Miss M brought her complaint to our service. She requested for the balance to be written off, and a payment for distress and inconvenience.

Our investigator said that 118 118 Money's redress was fair and appropriate. Miss M asked for an ombudsman to review her complaint. She made a number of points. In summary, she said her complaint is precisely that the redress is inadequate in light of the impact of the lending on her financial circumstances. Miss M said that the credit report 118 118 Money had at the time of the checks showed active debt collection activity, multiple adverse credit markers, and she was not in a position to sustainably manage additional revolving credit. She also told us about her vulnerabilities.

## **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.

Firstly, I'm aware that I've only summarised Miss M's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've considered what Miss M has said about how her balance should be written off, and a payment for distress. To see whether I agree whether either or both of these things would be appropriate here, I need to look at what 118 118 Money's initial lending checks showed. I will only be looking into the lending checks under the context of deciding whether to instruct a writing off the balance and/or providing a payment for distress, and I will not be interfering with 118 118 Money's decision to uphold the complaint.

Before agreeing to approve the credit available to Miss M, 118 118 Money needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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.

I've looked at what checks 118 118 Money said they did when initially approving Miss M's application. 118 118 Money relied on information from Miss M and a Credit Reference Agency (CRA). Miss M declared income of £932 a month, but 118 118 Money could only verify this income as £745.60, so they used the lower figure.

The data also showed that Miss M had no County Court Judgements (CCJ's) but the last time she had a default registered on her credit file was July 2018, which was around eight months prior to the application checks.

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 118 118 Money's other checks showed to see if they made a fair lending decision here.

The checks showed that Miss M was not in arrears on any of her active accounts at the time of the checks, or the six months prior to the checks. So although she had defaulted on a number of agreements in the 12 months prior to the application checks, it appears that her financial situation could have improved since the accounts defaulted as she was up to date with her active accounts in the six months leading up to the 118 118 Money credit card being approved.

In addition to this, one of the defaulted accounts, which defaulted in June 2018, was showing as being satisfied in November 2018 – four months prior to the 118 118 Money credit card being approved.

I've looked at the outgoings that Miss M declared as part of her application form. But she told 118 118 Money she had no outgoings. 118 118 Money made a further check though through a CRA, which reported her monthly credit commitments. 118 118 Money completed an affordability assessment using the verified monthly income, her monthly commitments (being reported by the CRA), and modelling, which is an industry standard way of estimating outgoings.

The affordability assessment showed that Miss M would have a sufficient disposable income in order to make sustainable and affordable repayments for a £250 credit limit. So it wouldn't have been proportionate here for 118 118 Money to have made further checks, such as asking Miss M to provide bank statements, especially as she had the opportunity to declare her outgoings, she had no recent adverse information on her credit file in the past six months, and the affordability assessment showed repayments would be affordable.

As there were no signs of recent financial difficulty at the time of the application checks, then it would not be proportionate for me to award a payment of distress, or to ask 118 118 Money to write off any of the outstanding balance, as I can't fairly say the lending was so clearly unsustainable that there was no realistic prospect of Miss M paying back what she was being lent.

I've considered what Miss M has said about some accounts being with debt collection agencies (active debt collection), but these companies are often better placed to manage debt collection than the lenders themselves, so this wouldn't be a reason to award further redress for Miss M.

I've also considered what Miss M has said about not being in a position to sustainably manage additional revolving credit at the time the 118 118 Money credit card was approved for her. But I can see when the account was first opened, she was within her credit limits on her active accounts, and she made a repayment on the 118 118 Money credit card for £100, which was substantially higher than what her minimum repayment would have been.

This represented 40% of her credit limit she repaid, so it wouldn't appear that Miss M was in financial difficulty shortly after the account was opened, otherwise I wouldn't expect that she would be able to repay such a high amount (or the £250 repayment she made on a separate account she had which was showing on her credit file in April 2019, which she had a £400 credit limit, which followed on from her paying £79 on the same account in March 2019).

I've reviewed the 118 118 Money customer notes to see if they should have been aware of any vulnerabilities Miss M had. But the first note is in August 2019 – five months after the account was open. Miss M did not mention any vulnerabilities, but the notes say she told them she repaid £10, and she wanted to know what the balance was as she wanted to clear off her balance "*weeks from now*". So again, it wouldn't appear that Miss M was in financial difficulty shortly after opening the account if she indicated she wanted to clear the balance within weeks. If Miss M was in financial difficulty here, since she was in communication with them, then it would have been proportionate for her to tell them so.

It was in April 2020 – more than a year after the account was opened that Miss M told them she had been "*laid off*" work due to the pandemic, and that she was "*living off savings*", so it appeared that Miss M had savings in order to do so, but she still made a repayment that day. It was over 3.5 years after the account was opened that the account defaulted.

So I can't fairly say that Miss M's subsequent financial difficulty would have been foreseeable to 118 118 Money at the time of the checks. 118 118 Money have provided redress which is more favourable than our standard approach to upheld irresponsible lending complaints, as we would only ask them to remove adverse information once the balance had been repaid, so I'm satisfied that their redress is proportionate here, and no further award would be appropriate for the reasons I've already given.

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 118 118 Money have already provided results in fair compensation for Miss M in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 10 April 2026.

Gregory Sloanes  
**Ombudsman**