

## **The complaint**

Mr P has complained about the way Madison CF UK Limited trading as 118 118 Money “118 Money” defaulted his account.

## **What happened**

The facts in this case are not disputed so I'll only briefly set them out here. In September 2020, Mr P says he tried to make a payment due on his credit card but couldn't as 118 Money's banking application (“app) and website were not working. He contacted 118 Money to inform it of this, and he says it notified him someone would look into it. He accepts that he was notified of other ways to make payment, but he says he told 118 Money that he prefers to make payments via the app.

In December 2020, the account was defaulted for nonpayment and subsequently the debt sold to a third party. Mr P says he contacted 118 Money to raise his concerns, in relation to the app but they never assisted him.

In 2024, Mr P contacted 188 Money and raised concerns over the default registered explaining that technical problems had prevented him from making payments to the account. 118 Money referred Mr P back to the third party debt collectors as they no longer held the account. Eventually, through our service, he raised a complaint and asked for it to issue a final response. In October 2025, 118 Money issued a final response to the complaint. It noted that Mr P had other ways of making his payments and did not do so even after receiving the default notice. It felt it had correctly recorded information on his credit file and registered the default. It did however accept that there were problems with the app and as his account was sold to a third party, it never contacted him regarding this issue. It offered him £75 compensation for this.

Unhappy, Mr P referred his complaint to our service reiterating his earlier points. He explained he had correctly raised concerns over the app, was told someone would contact him once the problems were resolved and no one ever did so he did not make the payments due. 118 Money then defaulted the account over a trivial amount of money due.

At this time 118 Money offered a further £75 compensation payment (via our service) as it felt it ought to have logged and responded to Mr P's complaint sooner than it did. Mr P rejected this offer, as it did not compensate him for the impact that the default had on his credit rating and increased borrowing costs, which he estimated amounted to around £30,000.

Mr P's complaint was considered by one of our investigators. They didn't recommend the complaint be upheld explaining Mr P was obligated to make payments, that there were other ways of making payments, and even after the default notice was issued, Mr P still didn't bring the account back up to date to avoid the default. They felt the way that 118 Money had responded to its failings in relation to the technical issues with the app was fair and they didn't think it needed to do any more.

Mr P disagreed broadly for the following reasons:

- He had tried to make the payment due and couldn't because of technical failings of the app which was the responsibility of 118 Money.
- He hadn't used the other payment methods to make payments as he preferred making payments via the app, which he notified 118 Money about and was waiting for it to respond to him.
- He was told he'd be contacted when the technical issue with the app had been looked into, and no one ever did.
- He contacted 118 Money again after it issued the default notice to explain he'd still not been able to make payment via the app, but it only replied asking for him to complete security.
- The default notice on his credit file was disproportionate given the small amount of money owed to 118 Money.

Our investigator explained that their view remained unchanged and as the complaint couldn't be resolved, the complaint has been passed to me to make 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

I'm sorry to hear about the impact the situation is having on Mr P. Having considered all the circumstances, I've reached the same overall conclusions as the investigator for broadly the same reasons. I've read and considered the evidence submitted by both parties, but I'll focus my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the quick and informal nature of this service in resolving disputes.

When Mr P signed up to his credit agreement with 118 Money, he agreed to the terms and conditions governing the account. In it, it's clear that Mr P is expected to make the minimum payment by the due date. It goes on to explain that missing payments could lead to serious consequences such as adverse information being recorded on his credit file, and legal action being taken against him. This information is also repeated on his monthly credit card statements which also sets out the different ways he can make payments.

I can see from the chat history that Mr P provided that he did notify 118 Money that he was having technical issues with the app, so he hadn't been able to make the payment in September 2020. 118 Money did say it would contact him once it had looked into matters and explained his outstanding balance was just over £219 at the time. But nothing I've seen suggests that 118 Money agreed that Mr P no longer needed to make the payments due under the credit agreement by the due date. And Mr P accepts that he was aware of the other ways to make payments but preferred to use the app – but it simply wasn't working.

I appreciate that Mr P may have had a preference, but that doesn't mean he isn't obligated to make his payments because one payment method isn't working. Customers are expected to mitigate their losses so where the app clearly wasn't working, and it hadn't been fixed before Mr P's payments became due, contractually he was still obligated to make his payments using one of the other payment methods 118 Money had notified him of.

I can see that 118 Money made a collections call in October 2020 as the account was in arrears, and while it couldn't get through to Mr P, it left a message for him to call back. A default notice was then issued in November 2020 explaining the serious consequences of Mr P not bringing the account back up to date. However, Mr P still didn't use another method of payment but simply emailed 118 Money to say the app still wasn't working.

I think 118 Money gave Mr P fair notice that his account was in arrears, and that he needed to make a payment and notified him of the consequences of not doing so. And while I understand Mr P wanted to use the app to make payment, as he didn't bring the account back up to date, I don't think 118 Money acted unfairly by recording the default. Mr P simply waited for the app to be fixed.

Ultimately, 118 Money is obligated to record information about his account which reflects the true conduct of his account. It's not in dispute that payments were due between September 2020 and December 2020 which were not received. And 118 Money defaulted the account after sending him a default notice. This information accurately reflects how his account has been managed.

I appreciate 118 Money ought to have contacted Mr P regarding the app not working but its offered £75 compensation for this failing. But I don't think this absolved Mr P of his contractual obligations to make payments due under the contract, and where Mr P was aware of the other ways to pay, it's not unreasonable for 118 Money to expect him to make payments utilising those methods until the problems with the app were resolved. It did call and write to him to provide him with notification that his account was in arrears and about to be defaulted and gave him information about the different methods he could make payments.

I understand 118 Money has also accepted that it ought to have logged and responded to Mr P's complaint sooner than it did and it offered a further £75 compensation for this. Mr P rejected this offer as this was only for the length of time taken to respond to his complaint, not for the impact the default notice and late payments had on him. 118 Money isn't obligated to offer him compensation for information that was correctly recorded on his credit file, so I'm satisfied that it didn't need to offer him compensation for this.

I'm satisfied that 118 Money did say it would contact Mr P regarding the technical issues with the app and failed to do so and this was poor service. But as explained by our investigator, I don't think it needs to do anything more than what it's already offered in relation to this which is to pay him £75 compensation. I also don't think it needs to offer him any additional amounts for the way the complaint was handled above what its already offered amounting to £75.

## Summary

I think Mr P was contractually obligated to make monthly minimum payments which he was aware of, and these weren't made despite Mr P being aware of the multiple ways he could make the payments. I think 118 Money did enough to notify Mr P that his account was in arrears and he needed to make payments to avoid a default being registered and the default was then correctly registered in line with its process.

While I can see Mr P raised his concerns about the app and waited for 118 Money to contact him regarding the app, I don't think this meant he wasn't obligated to make payments or that insisting he only make payment via the app was something he was entitled to do. So having considered everything carefully, I don't find I have grounds to direct it to take further action.

118 Money needed to report a true reflection of his payment history, which it has done, so I don't require it to do anything further to resolve this aspect of the complaint.

And, in my view, 118 Money's offer of £150 compensation (in total) for its failings in relation to the app and delay in responding to his complaint is sufficient and I don't require it to do any more.

### **Putting things right**

To the extent not already done so, 118 Money must pay Mr P £75 compensation for its failings in relation to the app and £75 for delays in complaint handling.

### **My final decision**

For the reasons I've explained, I uphold this complaint in part. Madison CF UK Limited trading as 118 118 Money should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 March 2026.

Asma Begum

**Ombudsman**