

Complaint

Miss C has complained about a loan Madison CF UK Limited (trading as “118 118 Money”) provided to her. She says that the loan wasn’t affordable and so shouldn’t have been provided to her.

Background

118 118 Money provided Miss C with a loan for £3,000.00 in March 2023. This loan was due to be repaid in 36 monthly instalments of £135.62.

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

Miss C 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 Miss C’s complaint.

Having carefully considered everything, I’ve decided not to uphold Miss C’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 Miss C 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 provided Miss C with a loan for £3,000.00 in March 2023. This loan was due to be repaid in 36 monthly instalments of £135.62. 118 118 Money says it agreed to Miss C’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, in its view, all of this information showed Miss C could afford to make the repayments she was committing to. On the other hand, Miss C has said she was struggling with the debts that she already had and shouldn't have been provided with further credit.

I've carefully thought about what Miss C and 118 118 Money have said.

The first thing for me to say is that 118 118 Money has provided the output of the credit checks it carried out at the time of Miss C's application. Having reviewed this, I can see that while Miss C did have defaulted accounts recorded against her, these were historic as the most recent one was from more than three years prior to this application.

Furthermore, while Miss C had some historic missed and had been over her limit on revolving credit limits in the past, she'd brought her accounts up to date by the time of this application and the total amount she owed was low. So repayments to Miss C's existing credit were combined with reasonable estimates of her income and then deducted from the amount of Miss C's validated income, it's fair to say that the monthly repayments for this loan looked affordable.

I accept that Miss C's actual circumstances may not have been fully reflected either in the information she provided, or the information 118 118 Money obtained. I'm also really sorry to hear about the difficult financial situation Miss C says she's experienced since taking out this loan.

But even if I were to accept that 118 118 Money's checks ought to have gone further and extended into finding out more about Miss C's actual living expenses, which there is a reasonable argument for, I don't think this would have made a difference to its decision. I say this because the information Miss C has provided has suggested that 118 118 Money using her actual living expenses as part of its application, rather than estimates, would not have shown the monthly repayments for this loan to be demonstrably unaffordable.

For the sake of completeness, I've noted that Miss C has said that 118 118 Money should have reviewed her bank statements. However, there isn't a requirement for a lender to obtain bank statements before lending to a borrower. It is up to a lender to decide on the checks that it wishes to carry out.

In this case, Miss C was being provided with a loan that had relatively low monthly payments was up to date with her existing commitments and had no recent significant adverse information recorded against her. So I don't think that obtaining bank statements would have been proportionate.

Given the circumstances here, I don't think that 118 118 Money did anything wrong when deciding to lend to Miss C - it carried out checks which, on the face of things, suggested the repayments were affordable. And, in any event, I don't think that obtaining further information would have prevented it from lending either.

I've noted that Miss C is unhappy with the contact that 118 118 Money has made with her after she's missed payments. However, as the investigator has explained, 118 118 Money has an obligation to keep a customer updated and is required to let them know about the implications of missed payments. This is a regulatory requirement.

I've also reviewed records of the correspondence and can't see anything threatening or insisting that Miss C should make her payments irrespective of her situation. So while I sympathise with Miss C's difficulty and appreciate why she may find 118 118 Money's

contact upsetting, given her circumstances at the time, I don't think that it has acted unfairly or failed to act in accordance with its obligations.

In reaching this conclusion I've also considered whether the lending relationship between 118 118 Money and Miss C might have been unfair to Miss C 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 Miss C 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.

Overall and having considered everything, I don't think that 118 118 Money treated Miss C unfairly or unreasonably when providing her with her loan. I appreciate this will be very disappointing for Miss C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss C's complaint, I would remind 118 118 Money of its continuing obligation to exercise forbearance and due consideration, given what Miss C has said about her position, should she find it difficult making her payments going forward.

My final decision

For the reasons I've explained, I'm not upholding Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 30 April 2026.

Jeshen Narayanan
Ombudsman