

## The complaint

Miss C says Madison CF UK Limited, trading as 118 118 Money, irresponsibly lent to her.

## What happened

This complaint is about a 36-month instalment loan for £2,000 that 118 118 Money provided to Miss C in July 2024. The monthly repayments were £99.21.

Our investigator did not uphold Miss C's complaint. He said 118 118 Money's checks were not proportionate, but it could have made the same lending decision had it carried out better checks.

Miss C disagreed with this assessment and asked for an ombudsman's review. She set out her incomings and outgoings for the three months prior to the loan application, saying this showed she did not have the disposable income needed to take on this loan.

I reached a different conclusion to the investigator, so I issued a provisional decision. An extract is set out below and forms part of this final decision.

### *Extract from my provisional decision*

*I have reviewed the checks 118 118 Money carried out before lending to Miss C. It asked Miss C for her income and verified it externally; it estimated her housing and fixed living costs using national statistics; and carried out a credit check to understand her credit commitments and repayment history. Based on these checks combined it concluded Miss C would have £110.69 monthly disposable income after taking on its loan and so it was affordable.*

*I don't think these checks were proportionate given the initial results. I say this as the monthly income Miss C declared, and 118 118 Money verified, was low at £1,000. Whilst she wasn't over indebted and her active accounts were well-managed, she had opened four new accounts in the last six months; her credit utilisation was high; and she was using credit to withdraw cash. In these circumstances I think 118 118 Money needed to check her actual income, housing costs and fixed living costs for the three months prior to application.*

*Had it done so it would have learnt Miss C's average monthly incomings were £1,812 (salary, benefits and partner contribution to housing/living). Her rent was £750. Her essential living costs were around £550 (council tax, Sky, mobile, insurance, water and gas/electricity, childcare, travel). It knew from the credit check her existing contractual credit commitments were £197. This meant it would have learnt she had £315 remaining to cover this loan and her other living costs.*

*I do not think it would have thought £215 was sufficient to cover her monthly grocery costs when it knew she had a dependent, and would also have some seasonal/unexpected expenses during the loan given it had a 36-month term. It follows that had 118 118 Money completed proportionate checks I do not think it would have lent to Miss C: the data would have shown there was a clear risk she would not be able to make the repayments*

*sustainably.*

*I therefore find it was wrong for 118 118 Money to lend to Miss C.*

I then set out what 118 118 Money would need to do to put things right.

Miss C responded agreeing with my provisional decision. 118 118 Money responded to say it had no further comments to add.

### **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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss C's case.

As neither party sent in any comments or new information for me to consider I have no reason to change the findings or outcome set out above.

My conclusion remains that it was wrong for 118 118 Money to lend to Miss C.

### **Putting things right**

It's reasonable for Miss C to have repaid the capital amount that she borrowed as she had the benefit of that money. But she has paid interest and charges on a loan that shouldn't have been given to her.

So 118 118 Money will have should:

- Remove all interest, fees and charges on the loan and treat all the payments Miss C made as payments towards the capital.
- As reworking Miss C's loan account will result in her having effectively made payments above the original capital borrowed, then 118 118 Money should refund this money to Miss C, 8% simple interest should be applied to the overpayments, from the date the overpayments would have arisen, to the date of settlement\*.
- Remove any adverse information recorded on Miss C's credit file in relation to the loan.

\*HM Revenue & Customs requires 118 118 Money to deduct tax from this interest. 118 118 Money should give Miss C a certificate showing how much tax it's deducted if she asks for one.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Miss C 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 am upholding Miss C's complaint. Madison CF UK Limited, trading as 118 118 Money, must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 28 April 2026.

Rebecca Connelley  
**Ombudsman**