

## **The complaint**

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

## **What happened**

On 24 November 2021, Miss B opened a credit card account with Madison. She was given a £1,200 credit limit which hasn't changed.

On 30 July 2025, Miss B complained to Madison. She said it had been irresponsible for it to lend to her as the limit was never affordable. As a result, she said she had suffered financial difficulties, and she was unhappy with the number of texts, calls and emails she receives from Madison chasing for repayment. To resolve her complaint, Miss B would like Madison to refund the interest and charges she paid on the account, remove any negative markers from her credit file and compensate her for the distress and inconvenience caused.

Madison looked into Miss B's complaint and issued a final response letter. It explained the steps it had undertaken before agreeing to lend to her. It recognised that she said the account wasn't affordable for her, so it closed the account to further spending. Madison didn't uphold the complaint.

Miss B didn't accept what Madison said, so she referred her complaint to our service. One of our investigators looked into it. He felt that Madison's checks didn't go far enough, and that if it had done more, it ought to have refused to lend to Miss B. He pointed to a recent increase in the amount of credit she had as well as the volume of buy-now-pay later (BNPL) type finance that was evident from her statement. He said this led to Miss B having a negative disposable income, so Madison should have refused to lend. He upheld the complaint.

Miss B accepted what the investigator said, but Madison didn't. It said it had used a lower income figure than that quoted by our investigator, and used reasonable estimates of Miss B's expenditure as allowed by the regulations. It recognised that her credit had increased in the last six months as a result of a loan and a credit card, but said the BNPL credit didn't appear on the credit file, so it could not have known about it. Madison still felt it had lent responsibly.

## **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.

Having done so, I've reached a different conclusion from that of our investigator. I issued a provisional decision saying:

*"We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint."*

Madison needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Miss B irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Madison carry out reasonable and proportionate checks to satisfy itself that Miss B was in a position to sustainably meet the repayments?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Madison make a fair lending decision?
- Did Madison act unfairly or unreasonably towards Miss B in some other way?

It's not about Madison assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the repayments and the overall circumstances of the borrower.

When she applied for the credit card, Miss B declared she was employed part time with a monthly income of £1,907, and outgoings of £250 for housing. It's a generally accepted principle that a lender can rely on the information provided by an applicant unless it has reason to believe what it's been told is inaccurate.

Madison verified her income using a credit reference agency. Rather than simply accept Miss B's statement of her expenditure, it used a mixture of her credit file and statistical evidence of average expenditure. It estimated her expenditure as being £545 for housing costs, £435 to other creditors and £530 for other outgoings. This left a monthly disposable income of £490 or so from which to fund this credit card and any other discretionary spending.

Madison also looked at Miss B's credit file. This showed she had encountered problems in the past; she had three accounts totalling just over £5,000 which had defaulted in 2017. She had entered into an Individual Voluntary Arrangement (IVA) from which she'd been discharged in August 2018. So, these events were more than three years prior to this application and Madison, not unreasonably, considered them to be historic.

Miss B had existing active credit totalling £5,600 or so, the bulk of which was a loan for around £4,000 drawn in September 2021 and a credit card of £500 taken out in August 2021. The remainder was a communications account for £250 and another credit card for £1,000 both taken out more than a year before this application. All these facilities were paid up to date, and the repayments are reflected in Madison's expenditure calculations.

While I acknowledge Miss B had recently taken out other credit lines, she was up to date with what she had. The total active credit isn't out of line with her verified income, and Madison made a reasonable estimate of her expenditure which was well in excess of what she declared and included all the active credit it could see on her credit file.

I think Madison carried out a reasonable and proportionate check relative to the amount of credit and the size of the likely repayments required. I think it reached a fair decision to agree a £1,200 credit limit for Miss B.

Did Madison act unfairly or unreasonably towards Miss B in some other way?

Miss B has complained about the "excessive calls, texts and emails...chasing payments". Madison has provided contact notes which show numerous messages to Miss B throughout 2024 and 2025 especially. These followed missed payments and asked her to contact it to discuss her account. It also made phone calls which went to voicemail and were unsuccessful in getting through to Miss B.

*I don't think it's unreasonable for a lender to contact a borrower where payments have been missed. Indeed businesses have a duty to treat customers in difficulty fairly, which may mean setting up repayment plans or other forbearance schemes. But a business cannot take such measures if the customer doesn't communicate with it.*

*I can see Miss B did contact Madison via its automated chatbot on 9 June 2025 and said she was unable to make the payment that month due to a loss of income. Madison attempted to call her a couple of hours later to discuss the situation but could not get through. The payment on 13 June 2025 of £64.41 was successful. She's since missed payments again so attempts to contact her have continued.*

*Had Miss B contacted Madison to discuss the account or answered its' calls where possible, it may well have led to the business putting measures in place to help her. But as it didn't receive a response or communications requesting support or otherwise telling it she was in difficulty, I don't think it's treated her unfairly by attempting to contact her regularly.*

*I am sorry to disappoint Miss B but, for the reasons set out above, I don't plan to uphold her complaint. For the reasons I've already given, I don't think Madison lent irresponsibly to Miss B or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here."*

Madison hasn't responded to my provisional decision, but Miss B has rejected it. She acknowledged my comments regarding Madison's attempts to contact her, but said her primary concern was the lending decision. In summary she said:

- The checks carried out were not sufficient or proportionate
  - her actual expenditure and financial position were not accurately assessed
  - her credit history and recent borrowing should have prompted greater scrutiny
- The lending was clearly unsustainable in practice, as shown by her account usage and ongoing financial difficulties

I have thought carefully about what Miss B has said, but haven't been persuaded to change my decision. Let me explain:

Miss B acknowledged my comment that businesses are generally able to rely on what applicants tell them unless it believes the information may be inaccurate. The application Miss B completed when she applied for the card gave her an opportunity to set out her income and expenditure under various headings such as *"home, council tax, utilities, food, card and loan payments, maintenance, childcare and insurance"*. Miss B knew her situation best, and provided a figure of £250 under the heading of *"home"* and didn't provide any other figures.

While that could have been true – Miss B was working part time so could have been living with a partner or family member who picked up the majority of the bills - Madison didn't accept it. It made reasonable estimates of her housing and other expenses, and used credit reference data for her credit costs. Madison could perhaps have spoken to Miss B about her expenditure, but given she'd had the opportunity to set it out as part of her application, I think it's unlikely that doing so would have reached a significantly different result.

Madison is a company that specialises in lending to people with impaired credit, and it offers various different card types depending on credit histories. Miss B did have adverse information on her credit file from over three years ago as I've described above. Given the age of the adverse information, I don't think it's unreasonable for Madison to have believed it might not be reflective of her current circumstances.

Miss B had taken credit elsewhere recently, but Madison factored that into her expenditure (which she hadn't declared). That is what I'd expect.

Having considered what Miss B has said, I still think the checks Madison carried out were reasonable and proportionate for a relatively modest limit of £1,200.

Miss B says her use of the account demonstrated the lending was unsustainable in practice and I can understand why she says that. But I can't impose that hindsight onto Madison's assessment of her application. It used the information she gave it and information it found itself to reach what I think was a reasonable lending decision.

When it started to become clear that Miss B was struggling with the account, Madison tried to reach out to her to offer support as I would expect. Unfortunately, as set out in my provisional decision, Miss B didn't engage with those communications.

I am sorry to disappoint Miss B, but having considered everything she and Madison have provided, I don't uphold her complaint. If she remains in financial difficulty, I would encourage her to contact Madison to work out an affordable repayment plan. I also remind Madison of its obligation to treat customers in difficulty fairly.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 21 May 2026.

Richard Hale  
**Ombudsman**