

complaint

Mr M complains that Madison CF UK Limited trading as 118118money.Com ("118118money.Com") lent him money irresponsibly.

background

In March 2016 Mr M took a loan with 118118money.Com over a period of 24 months. On 6 July 2017 he complained to them about irresponsible lending. He asked 118118money.Com for details of his loan to help him explain the complaint, which they provided.

118118money.Com didn't uphold his complaint. They said the application was reviewed by the underwriting team who took into account both the information in the application and on Mr M's credit file. And, during this review, an affordability assessment was undertaken - the outcome of which was that the loan was affordable. 118118money.Com disclosed the affordability calculations they'd made when Mr M applied for the loan along with the information they'd obtained from his credit file at that time. 118118money.Com said, in addition to the above checks, they also called Mr M, before releasing the funds, confirming the loan details and asking Mr M if he thought the loan was affordable for him, which he said it was.

Mr M complained to us. He said 118118money.Com were irresponsible in lending to him as he had a severe gambling addiction during this time which he thought they should have noticed this, considering the amount of other payday loans he had out at the time. He told us he thought 118118money.Com should do more checks such as checking his bank statements but instead they seem to have relied on a telephone call with him to confirm everything was affordable. Mr M said he was heavily in debt and would have said anything to get additional funds.

Our adjudicator didn't uphold the complaint. He found the checks 118118money.Com completed were reasonable and proportionate. He thought, although Mr M's credit file did show payday loans at the time of the application, there were no judgements or defaults. And the reason Mr M had given for the loan was debt consolidation.

Mr M asked to take this further. He thought if 118118money.Com had looked at his statements - rather than just checking it was affordable to him on a 'phone call - they'd have seen an obscene amount of gambling which should've raised alarm bells. And he admitted he probably put down that he was consolidating his loans but this was an excuse to get the loan.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to hear of Mr M's financial difficulties and I'm aware he feels strongly about 118118money.Com's conduct. But I'm not persuaded this is a complaint I can fairly and reasonably uphold.

Mr M thinks 118118money.Com should've done more checks such as looking at his bank statements. Mr M thinks if 118118money.Com had asked for and seen his statements, showing gambling transactions, it should've indicated to them he had a gambling problem. But I disagree. Like the adjudicator *I don't think there's any requirement for*

118118money.Com to review Mr M's expenditure. But *I do think there's a requirement* for Mr M to provide information that's true and correct, to the best of his knowledge and belief, when making such an application. And, I think, by Mr M's own admission, his conduct fell far short of that on this occasion.

Even if 118118money.Com had undertaken a review of the transactions I'm not sure they'd have caused concern as Mr M said the loan was for consolidation of previous payday loans which could be seen on his credit file. And Mr M didn't tell them about his gambling problem. The earliest reference which I can find is when he complained to us on 25 September 2017. So, whilst I don't underestimate the difficulties Mr M may've had, I don't think it's reasonable to expect 118118money.Com to be aware of these other debts, or to know he had a gambling problem, when he applied for the loan in March 2016.

It's for the bank to decide what affordability criteria to apply and what risk it was willing to take when it lent money. This service won't usually interfere with that. 118118money.Com has provided the original application and shown the affordability calculation undertaken, based on the information in the application signed by Mr M. And they said Mr M met their lending and affordability criteria. On the basis of this, and other information, Mr M qualified for the amounts he had applied for. So, I can't say 118118money.Com were wrong to approve the loan application.

Mr M's credit file from March 2016 *does* show Payday loans. But, as the adjudicators explained, 118118money.Com's search of Mr M's credit file by showed he didn't have any court judgements nor had he defaulted on any payday loan payments prior to this application. And I think, this, along with what Mr M told 118118money.Com about the reason for borrowing - namely loan consolidation – 118118money.Com could reasonably expect these loans would be settled shortly after they advanced the money to Mr M.

I'm aware Mr M feels strongly about 118118money.Com's conduct. But I hope I've explained why I'm not persuaded this is a complaint I can fairly and reasonably uphold. Mr M chose to spend the money he borrowed other than for the loan consolidation he'd stated. And he's had the benefit of it. There's no record of him making 118118money.Com aware of his gambling problem *and* he's given inaccurate information about the purpose of the loan and his intentions. So, I'm not satisfied that 118118money.Com acted irresponsibly when it approved the loan. Nor do I find that there's any reason to challenge the interest or charges applied.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 November 2017.

Annabel O'Sullivan
ombudsman