

complaint

Mr W has complained that Madison CF UK Limited (trading as 118 118 Money) lent to him irresponsibly. He's also complained that the lender acted unfairly towards him in other ways.

background

I issued a provisional decision about this complaint in November 2020 that I summarise below.

Mr W was given a loan of £2,000 by 118 118 Money in September 2018. The loan was due to be repaid in 24 monthly instalments of around £155. The total amount payable, including interest was just over £3,720. I understand the loan account is now closed.

Mr W thinks that the loan was unaffordable. He's complained that when he first applied for a loan he was rejected, but when he applied using a different email, his application was accepted. Mr W has also complained that money was stolen from his bank account which he says was due to an IT glitch at the lender.

I explained the basis on which I would decide the complaint, in particular the checks that 118 118 Money needed to do such as the amount being lent, and the consumer's income and expenditure.

I considered some overarching questions in order to decide what's fair and reasonable in the circumstances of this particular complaint:

- Did 118 118 Money complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay his loan in a sustainable way? If not, what would reasonable and proportionate checks have shown at the time?
- Ultimately did it make a fair lending decision?
- Did 118 118 Money act unfairly or unreasonably towards Mr W in some other way?

I said that 118 118 Money needed to take reasonable steps to ensure that it didn't lend to Mr W irresponsibly and it had to carry out proportionate checks to satisfy itself that Mr W could repay his loan in a sustainable way.

118 118 Money says it carried out some checks before it gave the loan to Mr W. This included asking for details of his income and expenditure and acquiring a credit report. 118 118 Money says that, based on the information Mr W provided and what it found in its checks, the loan was affordable.

But 118 118 Money was aware from its credit report that Mr W had opened 13 new accounts in the last 6 months. He had at least 4 open loans - all of which carried fairly substantial monthly repayments and his total credit balance was around £11,600. I accepted that 177 out of the 183 total accounts had been settled. But the report showed that Mr W had been fairly regularly borrowing from other lenders in the months leading up to his application to 118 118 Money. I thought all of this ought to have suggested that Mr W might be finding it difficult to get out from under his financial problems.

118 118 Money says that even when Mr W's existing credit commitments were taken into account, the loan was still affordable and his history of repayments was good. But Mr W was applying to 118 118 Money for an expensive loan, and he had to maintain his repayments

every month for two years. The notes that 118 118 Money has provided suggest that it had doubts at the time about some of the information that Mr W had given on his application form, so it adjusted its calculations to check that the loan was affordable. But it didn't seem to me that 118 118 Money raised these doubts with Mr W at the time or queried the information he'd given about his income and regular expenditure.

Taking everything into account, I would have expected the lender to want to obtain a thorough understanding of Mr W's financial position - including a more independent check of his regular monthly income and expenses - to satisfy itself that he could sustainably meet his loan repayments over the whole loan term. Overall, from what I'd seen, I couldn't fairly say that the checks 118 118 Money carried out were reasonable and proportionate.

So as well as asking Mr W about his income and expenditure and acquiring a credit check, I thought 118 118 Money ought reasonably to have carried out more detailed and independent checks into his financial circumstances - for example by asking to see a bank statement.

However, from the evidence I'd seen, it wasn't clear whether better checks by 118 118 Money would have uncovered anything that would have shown that Mr W might have difficulty repaying his loan sustainably. Mr W says that the loan wasn't affordable. He was asked if he was able to provide more information by this Service, but he wasn't able to do so. So although I thought the lender should have done more to check Mr W's true financial position before it agreed to lend to him, I couldn't fairly say that better checks ought reasonably to have led 118 118 Money to conclude that it *shouldn't* lend to Mr W. And on the basis of the evidence given, I couldn't fairly say that 118 118 Money lent to Mr W irresponsibly.

Mr W complained that when he first applied for a loan he was rejected, but when he applied using a different email, his application was accepted, even though he now thinks that 118 118 Money shouldn't have lent to him. Mr W says he no longer has access to his previous emails. 118 118 Money has provided us with details of an application that Mr W made in 2015 which was rejected. From what I've seen, it seems likely that this earlier application is the one that Mr W recalls being rejected. As it was some time before his 2018 loan was given, I didn't think it was unreasonable for 118 118 Money to have re-considered another application from Mr W, from a different email, some years after he first applied for lending.

Mr W also complained that nearly £6,000 was 'stolen' from his bank account due to an IT glitch. But Mr W has not provided any further evidence about this or explained why he thinks, if funds are missing, that it was the fault of 118 118 Money. I said that if Mr W has any concerns that funds have been taken from his account in error or unlawfully, then he should contact 118 118 Money or the police directly.

Overall I hadn't seen anything which made me think that 118 118 Money acted unfairly or unreasonably towards Mr W in some other way. And I'd not seen enough evidence for me to say that I thought it's likely that, if 118 118 Money had carried out better checks when Mr W applied for the loan, it ought reasonably to have come to the conclusion that it was inappropriate to lend to him.

I invited both parties to send me any further comments or evidence.

118 118 Money told us it accepts my provisional decision. Mr W says he disagrees with my provisional decision and he's provided some further comments.

In summary, Mr W says he thinks he previously took out a loan with 118 118 Money some years ago using a different email address. He says when he applied in 2018 he was initially rejected but was then accepted when he set up a new account using a different email address. And that he wasn't taken through the full vetting process. Mr W says he's repaid the loan but he thinks he should get some money back due to the amount of interest he's paid.

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'd like to thank both parties for all the information that has been provided about this matter and for responding to my provisional decision.

I've considered Mr W's additional comments but they haven't changed my view of his complaint.

From the evidence I've seen, Mr W made an application to 118 118 Money in 2015 which was rejected. As I explained in my provisional decision, it seems likely that this earlier application is the one that Mr W recalls being rejected. As it was some time before his 2018 application for a loan was accepted, I didn't think it was unreasonable for 118 118 Money to have re-considered another application from Mr W, from a different email, some years after he first applied for lending.

Mr W has told us that he wasn't taken through the 'full vetting process' when he applied for his loan. In my provisional decision, I explained that I thought the lender *should* have carried out more in-depth checks before it agreed to lend to Mr W. But I also explained that I hadn't seen enough evidence from Mr W about his financial circumstances at the time for me to fairly say that better checks ought reasonably to have led 118 118 Money to conclude that it *shouldn't* lend to him.

I understand that Mr W feels strongly about his complaint. But I'd like to reassure him that I have carefully considered everything that both he and 118 118 Money have told us and all the information that has been provided about this matter. But as neither Mr W nor 118 118 Money has provided any further evidence or comment that changes my mind about this complaint, I confirm the conclusions I reached in my provisional decision.

On the basis of the evidence given, I cannot fairly say that 118 118 Money lent to Mr W irresponsibly and I haven't seen anything which makes me think the lender acted unfairly or unreasonably towards Mr W in some other way. So I am not upholding Mr W's complaint.

my final decision

For the reasons given above, I don't uphold the complaint or make any award against Madison CF UK Limited trading as 118 118 Money.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 30 January 2021.

Sharon Parr
Ombudsman