

complaint

Mr B complains that Madison CF UK Limited was irresponsible in granting him a loan.

background

In October 2015 Mr B took out a loan with Madison for £1,500 over a term of 18 months. The reason given to Madison by Mr B was that he wished to consolidate borrowings. Mr B had other payday loans and says he was struggling financially.

In 2017 he complained to the business. It responded to say that it had carried out checks on his income and his credit status. This included a number of payday loans and credit card debts. Based on the information it had obtained from third party sources and what he had told it Madison concluded the loan was affordable. It noted all the payments were made on time and the loan had been repaid early.

Mr B brought his complaint to this service where it was considered by one of our investigators who didn't recommend it be upheld. She assessed the checks Madison made before issuing the loan and whether or not these checks were proportionate to elements such as the size of the loans, the repayments, what information it knew about Mr B, and what he had told them about his circumstances. She was satisfied the checks were proportionate and appropriate.

Mr B didn't agree. He said he had other credit card debts at the time and his bank statements would have shown he had a gambling problem. He had only been able to pay this loan off by taking out another expensive 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 would say at the outset that I find myself in agreement with the investigator for much the same reasons. I can see that Madison conducted a fairly comprehensive review of Mr B's financial situation in addition to the information he provided in his application.

It noted he had other debts and given the amount he was borrowing compared to his monthly income and I believe the decision to lend wasn't unreasonable. Although he had a number of payday loans and credit card debts these in total when compared to his income were not so large as to cause the business to refuse his request. I note that it carried out checks into his income as well as his wider credit rating and armed with this information concluded that it could make him the loan.

I also note that he said the loan was for debt consolidation so it would be expected that some of the more expensive debts would have been paid off by the new loan. This would have improved his financial situation. I gather he didn't use the money as he claimed, but nonetheless he was able to repay it early albeit by taking out additional borrowing.

I trust Mr B is now in a position to get on top of his finances, but I cannot conclude that the business did anything wrong and so am unable to uphold his complaint in respect of this loan.

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 B to accept or reject my decision before 9 March 2018.

Ivor Graham
ombudsman