

## **complaint**

Mr M complains that Madison CF UK Limited (trading as 118118 Money) sold him a loan he could not afford.

## **background**

In February 2017 Mr M borrowed £2,100 from 118118 Money. He was to repay this at just over £160 a month for two years. He made one repayment in February, paid nothing in March, and then settled the loan early in April. He complained to 118118 Money that the loan should never have been lent to him as he could not afford it. He had a gambling problem and other debts, and was on a debt management plan.

118118 Money said that it did credit checks and asked Mr M about his income and expenditure, and the loan had appeared to be affordable for him. It had asked him if he was in, or considering entering, a debt management plan. He had not said that he was, but he had said that he would use the loan to settle his other debts. It said that the terms of the loan had been transparent, and it often lent to people with “a less than perfect credit history,” provided that they could afford the repayments. Being dissatisfied with this response, Mr M complained to our Service. He pointed out that he had had a default on his credit file.

Our adjudicator did not uphold this complaint. He said that Mr M had declared a disposable income of £529, which was enough to pay the loan repayments. This would have suggested to 118118 Money that the loan was affordable. His credit file showed that most of his loans had been repaid in full. He had recently (just three days earlier) taken out another loan, under which he would have to pay another £149 a month, but even taking that into account, his monthly income was enough to afford both loan repayments. Mr M’s default had been in 2013, and he’d paid off the balance in January 2015. So the adjudicator thought that 118118 Money had done proportionate checks. Mr M had taken out some more loans soon afterwards, but 118118 Money could not be expected to have taken his future borrowing into account when making its decision to offer him this loan. It had not known about Mr M’s gambling problem, and had had no reason to think that he may have one.

Mr M asked for an ombudsman’s decision, so this complaint has been referred to me.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it, for broadly the same reasons as our adjudicator. I will explain why.

Firstly, 118118 Money’s decision to sell this loan has to be judged on the basis of Mr M’s circumstances at the time, not what they are now. He wasn’t on a debt management plan at the time he took the loan. The loans he took out after this loan are not relevant, because they didn’t exist at the time.

Secondly, although Mr M had taken out another loan only three days before, he did not declare it in his loan application. In his breakdown of monthly expenditure, under the heading “other loans” he entered “£10.” He omitted to mention the £149 a month he had to repay on the loan he’d just taken out. Nevertheless, that loan did appear in his credit file, which 118118 Money has provided to us, so I infer that 118118 Money took it into account. Mr M declared a monthly income of £1,450 and total outgoings of £921, which as I’ve said left him

with £529. That was enough to cover both loans and still leave him with around £220. So the loan was affordable when he applied for it.

The fact that Mr M had taken out payday loans before does not necessarily mean that 118118 Money should have known or assumed that he had a gambling problem, or that it should have asked him if he had one. So I don't think it would be fair to expect 118118 Money to have taken it into account. But even if it had known about that, the fact that someone gambles is not necessarily a reason to decline to sell them a loan. The crucial question is whether a loan is affordable. In this instance it was.

Overall, Mr M's credit history was not a bad one. There was only one default on his credit file, and that was not for a very large balance. He had paid it off over two years earlier. Most of his other loans had been settled in full. The total balance of his open loans was not high, and Mr M had told 118118 Money that these were all going to be paid off using this loan. 118118 Money was entitled to believe what he had told it. So I do not agree that its decision to sell him this loan was unreasonable or irresponsible.

### **my final decision**

So my 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 3 May 2018.

Richard Wood  
**ombudsman**