

## **complaint**

Mr A complains that Madison CF UK Limited (trading as 118 118 Money) lent him money that he couldn't afford to pay back. He feels it acted irresponsibly.

## **background**

Mr A took out a loan of £1,000 for 24 months with 118 118 Money in 2015 to repay his existing debts. He applied for a further loan 15 months later which he repaid within a couple of days (without paying any interest), and then a third one month later to buy a car. Mr A says he used false income and outgoings when he applied for all three loans.

Mr A complains that 118 118 Money didn't do the appropriate checks when it agreed to lend to him. He said that as he was paid in cash, 118 118 Money couldn't have verified his income using his bank account. He says that if it had done the correct checks, it would've seen the information was false and he couldn't afford the loans.

118 118 Money said it did the necessary checks when Mr A applied for his loans. It said it had looked at the information he'd given, and his credit rating. It said it had also talked to him on the phone about the monthly loan repayments, and it had no reason to think he wouldn't be able to make them.

Our investigator didn't uphold the complaint. He said 118 118 Money had done reasonable checks. He thought it hadn't done anything wrong when agreeing to lend to Mr A as it had based its decision on the information he'd given it.

Mr A wasn't happy with this as he still wants his outstanding balance reduced. So the case has been passed to me for a decision.

## **my findings**

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'm not upholding this complaint for the same reasons as the investigator.

Before agreeing to lend to Mr A, 118 118 Money should have conducted reasonable checks to ensure he could afford the loan repayments. 118 118 Money's records show that it looked at what Mr A already had on credit, if repayments were being made on time, his overall credit file, and his income and outgoings.

I can see that for each of Mr A's three loans he was asked about his income, his place of work and his outgoings. On the applications, Mr A said he earned between £800 and £1,200 per month and his monthly outgoings were £30-£40. 118 118 Money's records show it thought his outgoings were significantly higher than this, and it took account of that in deciding to lend. It also spoke to Mr A on the phone to confirm affordability, the loan amount, interest, and repayments.

I think that 118 118 Money felt the loan repayments were affordable for Mr A during each application based on the information he provided. As Mr A's first loan was for debt consolidation, 118 118 Money looked at Mr A's credit file and noted that the £1,000 requested could've cleared all his short-term debt and reduced his outgoings – which is what he said the loan was for. Although Mr A's first loan was repaid within the first month over the phone by his father, there wasn't anything from the checks 118 118 Money did which would've highlighted there was a problem.

Mr A says he had a gambling addiction, and his father paid off the first loan for him when he found out. He also says his father asked 118 118 Money not to lend to him in the future - which should've highlighted to it that there was a problem. I've listened to the calls between 118 118 Money and Mr A's father in January 2016 and I'm satisfied that Mr A's father didn't mention that Mr A was having financial problems. He only requested that the loan was closed and that there was no further borrowing for the time being. So I don't feel that the call was enough for 118 118 Money to identify that Mr A might be vulnerable, or that it shouldn't ever lend to him in future. More than a year passed between the first loan being repaid and the next loan being agreed. I note Mr A also didn't mention to 118 118 Money that he'd falsified the information on the application forms until his complaint call to them in October 2017.

So I think 118 118 Money did enough to check Mr A could pay back the loans. Mr A feels 118 118 Money should've done more checks as he had a poor credit score. But, as I've said above, I'm satisfied that it did look at his credit file. Having done so, it was still prepared to lend – and that was a decision for it to make.

Mr A wants either his debt written off or at least the interest balance reduced. I understand that he's entered into a payment plan to repay the outstanding balance. But if he still feels this isn't affordable, he should contact 118 118 Money to see what else it can do to help – as it should treat him positively and sympathetically if he's in financial difficulty.

### **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 Mr A to accept or reject my decision before 8 January 2018.

Jenny Lomax  
**ombudsman**