

## **The complaint**

Mr R complains through a third-party representative that Madison CF UK Limited trading as 118 118 Money irresponsibly lent to him. He'd like the refund of interest and charges on his loan along with statutory 8% on refunded sums.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat them all again here. The facts are not in dispute but briefly, 118 118 Money lent Mr R a loan in May 2017 which he has now fully repaid.

118 118 Money didn't uphold Mr R's complaint when he complained to it and so he referred his complaint to this service where one of our adjudicators looked at it. Our adjudicator didn't recommend that the complaint should be upheld.

Mr R disagreed, he said proper checks would have shown he couldn't afford the loan and 118 118 Money shouldn't have lent.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've set out our general approach to complaints about high-cost lending - including all of the relevant rules, guidance and good industry practice - on our website.

118 118 Money needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr R could repay the loan without detriment to his financial circumstances. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

Having considered all the information provided by both parties, I won't be upholding this complaint and will explain why below.

This was Mr R's first loan with 118 118 Money and the monthly repayments on the loan was around 10% of his declared monthly income of £1,520. Mr R declared at the time of the loan he lived with parents and that his monthly living costs and credit commitments were around £410.

118 118 Money says it searched Mr R's credit file but hasn't provided the results of its search. The Financial Ombudsman Service has asked 118 118 Money for the results of its search more than once. It's disappointing this hasn't been provided or any response on the issue received from 118 118 Money. So, I don't know what 118 118 Money saw on Mr R's credit file when it decided to lend.

Mr R has provided a copy of his bank statements for the months leading up to this loan and I've used these statements to work out what 118 118 Money would likely have seen had it searched Mr R's credit file. To be clear, I'm not saying 118 118 Money should have requested Mr R's bank statements, what I'm saying is 118 118 Money has failed to provide the results of its search into Mr R's credit file and on those grounds, I've relied on the available evidence – Mr R's bank statements to understand his credit commitments at the time and what 118 118 Money likely saw.

I think the most relevant statement here is the statement for April 2017 as I think it's likely credit commitments at the time would have shown up on a search carried out around 22 May 2017. Mr R's April 2017 bank statement shows he was repaying a credit card, car finance loan and another high-cost credit loan. From what I can see those payments were altogether around £510. So, I think 118 118 Money would likely have seen those credit commitments.

I can see that in the week before this loan was granted Mr R took further borrowing from at least two other lenders, but I think the closeness of those loans to the start of this 118 118 Money loan makes it unlikely they would have shown up in the credit search.

Given what 118 118 Money knew and what I think it saw from its credit search, I think it did enough checks to satisfy itself that Mr R could afford the loan. Mr R had a relatively small amount of living costs which he declared, he also said he lived with his parents and his credit commitments at the time meant he'd have disposable income to comfortably afford to repay the loan over its term.

Mr R has said he had a mortgage at the time, but I haven't seen any evidence of this on the bank statements he provided. I'm also mindful that Mr R said the mortgage started in 2018 which would be after the loan was granted and wouldn't have been a consideration in assessing his ability to afford the loan.

Overall, 118 118 Money likely did enough before it lent and I don't think it lent to Mr R when it shouldn't have.

### **My final decision**

For these reasons, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 November 2023.

Oyetola Oduola  
**Ombudsman**