

## **Complaint**

Mr H has complained about a loan Madison CF UK Limited (trading as “118 118 Money”) provided to him. He says the loan was unaffordable.

## **Background**

118 118 Money provided Mr H with a loan for £5,000.00 in February 2021. This loan was due to be repaid in 48 monthly instalments of £184.65. One of our adjudicators reviewed what Mr H and 118 118 Money had told us. And she thought that 118 118 Money hadn't done anything wrong or treated Mr H unfairly. So she didn't recommend that Mr H's complaint be upheld. Mr H disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

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

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr H's complaint.

118 118 Money needed to make sure that it didn't lend irresponsibly. In practice, what this means is 118 118 Money needed to carry out proportionate checks to be able to understand whether Mr H could afford to repay before providing this loan. Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

118 118 Money says it agreed to Mr H's application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr H could afford to make the repayments he was committing to. On the other hand, Mr H has said he shouldn't have been lent to.

I've carefully thought about what Mr H and 118 118 Money have said.

The first thing for me to say is that this was Mr H's first loan with 118 118 Money. And 118 118 Money has provided an output of the income and expenditure information recorded at the time of Mr H's application as well as a record of the results of its credit searches.

118 118 Money's searches appear to show that Mr H did have previous difficulties repaying credit – he had a historic default. However, Mr H's commitments at the time were relatively

well managed. Crucially, according to the credit searches, Mr H's debt total at the time of the application was relatively low in comparison to his income.

I accept that Mr H appears to be suggesting that his actual circumstances weren't fully reflected either in the information he's provided, or the information 118 118 Money obtained at the time.

But 118 118 Money could only make a reasonable decision based on the information it had available at the time. And as this was a first loan and there wasn't anything to indicate that Mr H might have been experiencing financial difficulty at the time, I'm satisfied that 118 118 Money was reasonably entitled to believe that Mr H could afford to make his payments.

In any event, given the circumstances here, and the lack of obvious inconsistencies, I don't think that reasonable and proportionate checks would have extended any further than finding out a bit more about Mr H's normal monthly living costs, which, from what I can see, wouldn't have shown the loan to be unaffordable.

As this is the case, I don't think that 118 118 Money did anything wrong when deciding to lend to Mr H – in my view, proportionate checks would more likely than not have suggested the repayments were affordable.

So overall I don't think that 118 118 Money treated Mr H unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr H's complaint. I appreciate this will be very disappointing for Mr H. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 September 2023.

Jeshen Narayanan  
**Ombudsman**