

The complaint

Mr N complains that Madison CF UK Limited, trading as 118 118 Money, irresponsibly granted him two credit card accounts he couldn't afford to repay.

What happened

Mr N entered into agreements with 118 118 Money to have access to credit with two separate credit card accounts, opened in February and October 2021. The first account had an opening credit limit of £250 and the second had an opening credit limit of £1,200.

Mr N says that 118 118 Money didn't complete adequate affordability checks when it opened the two card accounts. He says had it done so, it would have seen they were both unaffordable to him and he was already in difficult financial circumstances.

118 118 Money didn't agree. It said it carried out a reasonable and proportionate assessment to check Mr N's financial circumstances before granting each account.

Our adjudicator didn't recommend the complaint be upheld. He thought 118 118 Money didn't act unfairly or unreasonably by approving the account.

Mr N didn't agree and so his complaint has been passed to me for a final decision.

I've noted that Mr N has agreed a settlement for the outstanding amount on the second card. But I will still look into whether the initial lending decision for both accounts was reasonable and fair.

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.

118 118 Money will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Before providing Mr N with each card, 118 118 Money says it carried out a credit check. This included asking him about his income and regular expenditure, using statistical data and completing a credit check using credit reference agencies.

For the first card, having checked that Mr N had an income of around £1,200 per month, 118 118 Money was satisfied that alongside its other checks, a credit limit of £250 would be affordable. There isn't set criteria for what a proportionate check ought to encompass. Given that the credit limit on the first account was a relatively modest £250, I wouldn't expect the checks carried out by 118 118 Money to be so in-depth, such as taking steps to verify his monthly income. Having established from its checks that after his housing and regular

expenditure, and taking into account existing credit owed of around £2,100, Mr N would be left with around £400 in disposable income, I wouldn't have expected it to do any more.

By the time of his second card application, Mr N had been managing his first card for several months without getting into difficulty with meeting his monthly repayments. Mr N told 118 118 Money he was receiving a monthly income of around £2,000. His overall credit owed elsewhere had increased to around £3,200. So 118 118 Money estimated that Mr N would be left with around £900 in disposable income. However, given that Mr N had a historic active county court judgment from 2018 for around £1,400, I think 118 118 Money might have taken further steps, particularly now that a significantly higher level of credit was being proposed. So I'll consider what it might have found.

Having done so, and having carefully consider the information I've seen about Mr N's financial situation, there isn't enough to persuade me that 118 118 Money would or should have seen that his circumstances were in such a way as to make giving him either credit facility unreasonable. By the time he applied for the second card, the bank statement information I've seen suggests that had 118 118 Money taken steps to verify Mr N's income, it would have been able to get a clearer idea of his finances. From what I've seen, I think Mr N was generally in control of managing his daily outgoings and existing credit commitments and would likely have been left with enough disposable income to be able to continue make affordable repayments on the card.

I therefore think that had 118 118 Money carried out further reasonable and proportionate checks for the second card, these would have been likely to show that Mr N could afford the credit he was granted.

Mr N has also told us about his personal circumstances and health challenges he is dealing with. I am sorry to learn of this but I don't consider this to be a factor that's relevant to the granting of these two cards. It doesn't look like 118 118 Money was necessarily aware of this at the time of granting each account, but even if it was I don't think it's something I would have expect to affect their decision to grant the credit.

It follows that I'm not persuaded that 118 118 Money acted unfairly in approving the opening of either of these two accounts.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 28 September 2023.

Michael Goldberg
Ombudsman