

## **Complaint**

Mr R has complained about a credit card Madison CF UK Limited (trading as “118 118 Money”) provided to him. He says the credit card was irresponsibly provided to him as he was already in debt with many other creditors.

## **Background**

In September 2022, 118 118 Money provided Mr R with a credit card with an initial limit of £500. Mr R wasn't provided with any credit limit increases.

One of our adjudicators reviewed what Mr R and 118 118 Money had told us. And he thought 118 118 Money hadn't done anything wrong or treated Mr R unfairly in relation to providing the credit card. So he didn't recommend that Mr R's complaint be upheld. Mr R disagreed and asked for an ombudsman to look at the 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 R's complaint.

Having carefully considered everything, I've not been persuaded to uphold Mr R's complaint. I'll explain why in a little more detail.

118 118 Money needed to make sure 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 R could afford to repay any credit it provided.

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 R's application after it obtained information on him income and carried out a credit search. And the information obtained indicated that Mr R would be able to make the low monthly repayments due for this credit card. On the other hand Mr R says that he was already struggling and shouldn't have been provided with this credit card.

I've considered what the parties have said.

What's important to note is that Mr R was provided with a revolving credit facility rather than a loan. And this means that 118 118 Money was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £500 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen records of the information 118 118 Money obtained from Mr R about him income and that was on the credit search carried out. Mr R did have a default. But this was from a number of years prior to the application. And given how much time had passed, this doesn't indicate to me that 118 118 Money ought to have realised that Mr R didn't have the funds to make the monthly payment that would be required for this credit card.

I appreciate that Mr R says that his circumstances were worse than this and he was struggling. But 118 118 Money could only make a decision based on the information it had at the time. And as the available information indicates Mr R could repay what he would owe at the time the lending decision was made, I don't think that 118 118 Money needed to do anything more.

So overall while I can understand Mr R's sentiments, I don't think that 118 118 Money treated Mr R unfairly or unreasonably when providing Mr R with his credit card. And I'm not upholding Mr R's complaint. I appreciate this will be very disappointing for Mr R. 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 R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 23 October 2023.

Jeshen Narayanan  
**Ombudsman**