

## **Complaint**

Miss J has complained about loans Madison CF UK Limited (trading as “118 118 Money”) provided to her. She says 118 118 Money irresponsibly lent her these loans.

## **Background**

One of our investigators reviewed what Miss J and 118 118 Money had told us. And she thought that 118 118 Money hadn't lent irresponsibly. So she didn't uphold Miss J's complaint. Miss J 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 Miss J'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 Miss J 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 provided Miss J with loans for £3,000.00 and £4,971.50 in June 2020 and July 2021. The loans were due be repaid in 24 monthly instalments of £187.19 and 60 monthly instalments of £164.01 respectively.

118 118 Money says it agreed to Miss J's applications after she provided details of her monthly income and expenditure. It says it cross-checked this against information on a credit searches it carried out on Miss J.

The information Miss J provided about her income and expenditure showed she'd be able to comfortably make the repayments she was committing to. 118 118 Money says, in these circumstances it was reasonable to lend. On the other hand, Miss J has said she shouldn't have been lent to.

I've carefully thought about what Miss J and 118 118 Money have said. The first thing for me to say is that these were Miss J's first loans with 118 118 Money. The information provided

does suggest Miss J was asked to provide details of her income and expenditure and 118 118 Money didn't just rely on what it was told.

That said given the circumstances here, particularly the amount of the monthly repayments and the total charge for credit, I think that 118 118 Money ought to have done more to find out about Miss J's expenditure. However, I don't think finding out more about Miss J's actual expenditure would have prevented 118 118 Money lending to Miss J on either occasion.

I say this because the information Miss J has now provided suggests the loan payments were affordable. Her bank statements show me that she had enough funds to make the monthly loan payments once his committed non-discretionary expenditure was deducted from his income. So, in my view, even if 118 118 Money had gone into the depth of checks Miss J appears to be saying it should have – such as obtaining bank statements – I don't think that doing so would have resulted in it making different lending decisions.

I've also kept in mind that 118 118 Money provided a second loan to Miss J and that sometimes repeat borrowing in itself can be an indication of difficulty. But while loan 2 was for a higher amount than loan 1, it consolidated what Miss J already owed into lower monthly payments at a lower interest rate too. So while the pattern of lending here has seen me take a closer look at the individual applications, I'm satisfied that it wasn't unfair for 118 118 Money to have provided loan 2 to Miss J in the circumstances that it did here.

I accept that it's possible Miss J's actual circumstances may not be reflected in the information provided or in her pattern of lending. But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. And, in this case, given everything I've seen suggests that the payments in question were affordable, I don't think that it was unreasonable for 118 118 Money to provide these loans.

As this is the case, I'm not upholding Miss J's complaint. I appreciate this will be very disappointing for Miss J. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

My final decision is that I'm not upholding Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 8 April 2024.

Jeshen Narayanan  
**Ombudsman**