

The complaint

Mr W complains that Madison CF UK Limited trading as 118 118 Money registered a hard credit search on his credit file.

What happened

Mr W says that he saw he was triple check approved for a 118 118 Money loan. He says he struggled to finish the application, so he contacted 118 118 Money. He says the agent advised him to use a different email address to get the quote, but his application was declined. Mr W says that he shouldn't have been told to use a different email address, and he now wasn't able to apply again for six months. He says if he was told this originally, he would have avoided applying for the loan. Mr W made a complaint to 118 118 Money.

118 118 Money did not uphold Mr W's complaint. They said a full credit search would be completed when a full application is submitted, and this is called a hard search whereby a lender will do a complete check on his credit report, which leaves a footprint on his credit report. They said for his application a hard search was completed, and it was valid. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. She said a chat agent explained to Mr W that he had a declined loan application within 180 days and therefore he would be eligible to apply for a loan after 5 March 2024. She said as this was in line with their lending criteria and it is explained within the Frequently Asked Questions (FAQ) section of their website, she was unable to say 118 118 Money were unfair to report a hard search on his credit file. Our investigator said that although Mr W was advised to use an unlinked email address, at that point, she wouldn't expect the agent to look into his previous loan applications and advise based on that.

Mr W asked for an ombudsman to review his complaint. He made a number of points. In summary, he said when he told 118 118 Money he was a previous customer, there should have been some autonomy or due diligence carried out to ensure things like this wouldn't happen, he said he was annoyed at the lack of due diligence by the advisor where realistically they should've checked at that point. Mr W said the advisor essentially told him to try and defy the business policies by using another email address. Mr W said as the advisor told him to use another email address it wouldn't be proportionate to have to read the FAQ's section of their website.

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.

Mr W has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to explain to Mr W that it is not within this service's remit to tell a business how they

should run their policies and procedures, such as their application checks, and whether they should complete due diligence to automatically check to see when someone was last a customer/when they last applied for a loan with them. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct 118 118 Money to make changes to their policies and procedures, if necessary.

I've considered what Mr W has said about the FAQ section of 118 118 Money's website. As Mr W was having issues with his application, I'm persuaded it would have been proportionate for him to view this page to see if there were any known issues. Under the section "*Your loan application*" there is a FAQ which says "*If my loan application is rejected, can I try again?*" The answer given to this is "*If your financial circumstances change, we welcome you to re-apply after 180 days*".

It's also not in dispute that Mr W was told by a chat agent to try and use a different email address. But I'm not persuaded a different email address was a factor in the application declining. This was because Mr W had already had a rejected application in September 2023, so it would be in March 2024 when the 180 days expired.

I've noted the strength of feeling Mr W has that the chat agent should have checked this. But I'm not persuaded that it would be proportionate for the agent to have a look at Mr W's history when their website is clear about the 180 days to re-apply. As it's not 118 118 Money's procedure to pre-screen people who have applied within the last six months, I'm unable to conclude 118 118 Money made an error here.

I've viewed 118 118 Money's website. On the loans page, prior to the pre-checks which won't register a hard search, it says "*By submitting this form, you agree to our Privacy Policy*". The link to the privacy policy was displayed four times on this page. So as Mr W would have agreed to the privacy policy he would have read the section about the eligibility check.

So Mr W would have been aware that the "*Eligibility Check allows us to check your credit record (you'll be able to see our search on your credit file, but other organisations won't be able to see it which means that it will not impact your credit rating)*". But he would have also been aware that "*If, following the Eligibility Check, you decide to complete your application for our products and services we will run further checks (including a credit check which other organisations will be able to see on your credit file)*".

As Mr W decided to complete an application for one of 118 118 Money's products they ran further checks which included a credit check which other organisations would be able to see on his credit file (a hard search).

So as 118 118 Money were clear that a hard search would be registered as part of a full application, and Mr W had agreed to the privacy policy to get to that stage, I'm unable to ask 118 118 Money to remove the hard credit search from Mr W's credit file. 118 118 Money do not guarantee an application's success, and they are obliged to report factual information to the CRA's. This is what they did by reporting a hard search that they conducted. So it follows I don't require 118 118 Money to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 July 2024.

Gregory Sloanes
Ombudsman