

## **The complaint**

Mr R complains that Madison CF UK Limited trading as 118 118 Money lent irresponsibly when it approved his loan application.

## **What happened**

Mr R applied for a loan with 118 118 Money in July 2020. In his application, Mr R said he was employed with a monthly income of £2,449. 118 118 Money carried out a credit search and found Mr R had existing credit card debts of around £4,350 and loans of £17,922 that he was making monthly repayments totalling £912 to. 118 118 Money found Mr R had some defaults and two County Court Judgements (CCJs) that were at least two years old at the point of application.

118 118 Money applied its lending criteria and made deductions from Mr R's income of £2,449 for rent of £331, £534 as an estimate of his living expenses and £912 for payments to his existing creditors. 118 118 Money that after making its new loan payment of £130.07 Mr R would've had £532 left as a disposable income. 118 118 Money approved the loan application and the funds were sent to Mr R.

Mr R made the monthly repayments towards his loan until October 2021 when he settled the balance early.

Earlier this year, representatives acting on Mr R's behalf complained that 118 118 Money lent irresponsibly when it approved his loan application. 118 118 Money issued its final response on 11 July 2024 but didn't uphold Mr R's complaint. 118 118 Money said it had carried out the relevant lending checks and didn't agree it lent irresponsibly.

An investigator at this service looked at Mr R's complaint. They felt 118 118 Money had carried out reasonable and proportionate checks before agreeing to lend and didn't uphold Mr R's complaint. Mr R's representatives asked to appeal, so his complaint has been passed to me to make a decision.

## **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.

Before agreeing to lend, the rules say 118 118 Money had to complete reasonable and proportionate checks to ensure Mr R could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and

- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

When Mr R applied to 118 118 Money he provided details of his circumstances at the time and confirmed he was working full time with a monthly income of £2,449. 118 118 Money applied a rent figure of £331 and an estimate of Mr R's normal living expenses of £534 a month. 118 118 Money also looked at Mr R's credit file to get an understanding of how much he owed and how his credit had been handled. I can see 118 118 Money found Mr R had some adverse credit, including some defaults and two CCJs. But I think it's fair to say these those issues were not recent with the newest CCJ being over two years old at the point of application. And Mr R had no missed payments recorded on his credit file in the 12 months before his application to 118 118 Money was made. 118 118 Money found Mr R had existing debts that totalled around £22,275 with monthly repayments of £912.

Taking all the above together, 118 118 Money calculated Mr R had around £662 available a month as a disposable income and £532 left after making a new loan payment of £130.07. In my view, 118 118 Money's calculations reasonably showed Mr R had sufficient disposable income to be able to afford a new loan with monthly repayments of £130.07. I haven't been persuaded that 118 118 Money needed to carry out a more comprehensive approach to Mr R's application or that it should've requested additional evidence before deciding to lend. I'm sorry to disappoint Mr R but I haven't been persuaded that 118 118 Money lent irresponsibly when it approved his loan application.

I've considered whether 118 118 Money treated Mr R unfairly in some other way. I note Mr R's repayments were all made on time and that he ultimately settled the loan early, in October 2021. I haven't seen any evidence that Mr R contacted 118 118 Money to explain he needed assistance or was struggling with repayments. I haven't seen any evidence that shows 118 118 Money treated Mr R unfairly during the period he was making repayments.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think 118 118 Money lent irresponsibly to Mr R or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

My decision is that I don't uphold 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 14 January 2025.

Marco Manente  
**Ombudsman**