

The complaint

Mr W complains that Madison CF UK Limited trading as 118 118 Money irresponsibly gave him four loans he couldn't afford to repay.

What happened

Mr W took out four fixed sum loan agreements with Madison between 2017 and 2019.

Loan 1 was taken out in July 2017. Mr W borrowed £2,000 repayable by 24 monthly repayments of £157.22.

Loan 2 was taken out in January 2018. Mr W borrowed £2,671.95 (£1,771.95 was used to settle loan 1 and £900 was new borrowing) repayable by 24 monthly repayments of £204.31.

Loan 3 was taken out in July 2018. Mr W borrowed £3,057 (£2,257 was used to settle loan 2 and £800 was new borrowing) repayable by 24 monthly repayments of £241.09.

Loan 4 was taken out in January 2019. Mr W borrowed £3,447.51 (£2,647.51 was used to settle loan 3 and £800 was new borrowing) repayable by 24 monthly repayments of £268.04.

In 2023, Mr W complained to Madison to say that all four loans had been unaffordable to him from the outset. He said that the loans should not have been approved. Madison didn't agree that it had acted unfairly in lending to Mr W. It said that it had carried out appropriate affordability checks and these had not revealed any concerns about his ability to repay the borrowing.

I sent Mr W and Madison my provisional decision on 27 November 2024. I explained why I didn't think the complaint should be upheld. I said:

Before lending to Mr W, Madison was required to complete checks to ensure Mr W could afford to repay the borrowing. There isn't a set list of checks that Madison had to complete, but it had to ensure that what it did do was proportionate in the circumstances. Therefore, what is considered proportionate will vary with each lending decision. In deciding what would be proportionate for each lending decision, Madison had to take into account things such as (but not limited to): the amount borrowed, the term, the size of the monthly repayments and Mr W's circumstances.

For each of the loan applications Mr W declared that he had a monthly income of around £4,800 and monthly expenditure of around £1,350. In addition to this, Madison completed a credit check and it appears for some of the loans it requested that Mr W submit copies of his bank statements.

I haven't been provided with any of the bank statements that Mr W sent to Madison or the results of the credit checks for loan 2. However, Madison has sent the results of the credit checks for the other three loans and Mr W has sent in some bank statements from 2018.

For loan 1, the credit checks show that Mr W's credit commitments were around £300 per month (although Mr W declared on the application it was only around £200). I've seen from

Madison's notes that on reviewing Mr W's bank statements it noticed his income fluctuated significantly month on month. This is consistent with what I've seen from his bank statements in 2018 (his income ranged from around £2,500 to £4,700). Clearly this ought to have caused Madison some concern as what Mr W had declared on his application about his income and expenditure was not accurate.

However, having said this, I've not seen anything to demonstrate that Mr W didn't have sufficient disposable income to be able to afford the monthly repayments of £157.22 despite not giving accurate information on his application form. I therefore don't have any reasonable basis to conclude that Madison made an unfair lending decision in relation to loan 1.

I haven't seen the credit check Madison completed for loan 2. However, I think the check it carried out for loan 3 (around six months later) gives a good indication of what Madison would likely have seen as it also provides the various account balances for his credit commitments in January 2018 (when loan 2 was taken out). This shows that Mr W's unsecured debt had increased since loan 1. In addition to now having the Madison loan, his credit card debt had also increased by around £2,000.

The monthly repayment for loan 2 was around £35 more than for loan 1. I note Madison has since accepted it ought to have carried out more detailed checks for loan 2. I agree, it doesn't appear to have requested bank statements prior to lending and I think that would have been proportionate given the previous inconsistency in the information Mr W had provided on his loan application. However, I've not seen Mr W's statements prior to him taking out this loan either so I've not seen anything to demonstrate that an increase of £35 per month was unaffordable for him. On the contrary, I've seen bank statements after this loan was taken out which appear to demonstrate that Mr W could afford the repayments.

The bank statements Mr W has provided show that he maintained a credit balance on his accounts and was able to maintain all of his essential expenditure out of his income. So, I've not seen anything to persuade me that Madison made an unfair lending decision in relation to loan 2.

I note that Mr W's unsecured debt increased again prior to taking out loan 3. However, as with loan 2, the bank statements I've seen indicate that he was able to meet all of his essential expenditure from his income without any clear signs of financial difficulty. I haven't seen anything to suggest that an increase of £25 per month to his expenditure (which was the effect of taking on loan 3) would be unaffordable to him.

For loan 4, Mr W's credit commitments hadn't significantly changed. His credit card borrowing had increased slightly, but his overall loan balances had reduced slightly. However, I consider that a proportionate check ought to have included some verification (as with loans 2 and 3) of Mr W's stated income and expenditure as what he had declared on the application had been incorrect previously and Madison were aware of that.

However, I've not been provided with anything from Mr W to demonstrate that his financial circumstances had changed significantly since loan 3 or that he could not afford the relatively small increase in monthly repayments that would now be required. I therefore don't have anything to persuade me that Madison made an unfair lending decision in relation to loan 4.

I've said that Mr W's bank statements don't show any clear signs of financial difficulty. That isn't to say that I don't think he was in difficulty – I accept what he says. However, I don't think the statements (in conjunction with the credit reports) I've seen ought to have caused Madison any concerns about Mr W's ability to repay the loans and this is why I don't think – based on the current available evidence – that it made an unfair lending decision.

I'm mindful that Mr W might be able to supply additional bank statements that may show something different. However, I've also thought about the broader circumstances here and why that would be unlikely to change my overall conclusions about what is fair and reasonable in the circumstances of this complaint.

Mr W has told us that he has complained to all of his other lenders that he had borrowing with during 2017 and 2018 and that those lenders have all upheld his complaints about unaffordable lending. From what I've seen, Mr W could comfortably afford at least some of the borrowing he entered into during this time period – he has said himself that he earned a reasonable income.

So even if I were to conclude that Madison had acted unfairly in lending to Mr W, any redress I might award for that would likely place Mr W in a better position than he would ever have been in. This is because he would always have had some unsecured borrowing during this time (that he could afford to repay) and would have been required to pay that back with interest. If Mr W hadn't taken out any of the other unsecured borrowing (which is the effect of the lenders having upheld those complaints) then Mr W's ability to repay Madison would have been even greater. For these reasons, I think that even if I concluded Madison had acted unfairly, I don't currently think that Mr W has suffered any loss when taking all of the wider circumstances into consideration.

Neither Madison nor Mr W responded to my provisional 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.

As neither party has provided any further comments or evidence in response to my provisional decision, I've not seen any reason to reach a different conclusion. I'm therefore satisfied that Madison didn't make any unfair lending decisions, but even if it did, that Mr W didn't suffer any loss as a result of those lending decisions.

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 W to accept or reject my decision before 10 January 2025.

Tero Hiltunen
Ombudsman