

## **The complaint**

Mr K complains that Loans2Go Limited irresponsibly lent to him.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them all again here. In summary Loans2Go lent Mr K one loan in November 2019, the loan was for £1,000 and Mr K needed to make 18 monthly repayments of £228.56. Mr K has settled the loan.

When this complaint was looked at by our adjudicator, she thought the Loans2Go shouldn't have lent Mr K this loan.

Loans2Go disagreed and said its checks went far enough and those checks suggested that Mr K could afford the loan.

## **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.

Loans2Go is aware of its obligations under the rules and regulations in place at the time of this lending decision, including the Consumer Credit Sourcebook ("CONC"), so I won't repeat them here. But, briefly, it was required to carry out sufficient checks to ensure that Mr K would be able to repay the borrowing applied for in a sustainable way. As set out in CONC 5.3.1G(2) that means that he could manage the repayments,

*"...without...incurring financial difficulties or experiencing significant adverse consequences"*

Before agreeing to lend, Loans2Go has provided evidence to show that it searched Mr K's credit file, asked him about his income and expenditure as well. I can see that Mr K declared his income as £1,825 and he declared his monthly expenditure as £588. Loans2Go said it lent on the basis that Mr K's monthly income was around £1,753 and his monthly expenses were around £1,342, Loans2Go also said it added 10% buffer and on this basis, it says the loan was affordable for Mr K.

From the correspondence I've seen, I don't think Loans2Go asked Mr K for his bank statements before it agreed to lend, it appears it requested his bank statements after he raised his complaint in early 2020. Loans2Go also hasn't told this service how it arrived at the income and expenses figures it based its lending decision on.

Given the term of the loan and some of the information revealed by the searches; Mr K was over the limit on both his credit cards, he was also over the limit on his mail order account, I can also see that he was using loans from other providers and the credit report shows that he had two active loans with other providers at the time, I think it would have been reasonable for Loans2Go to have taken its checks further by verifying some of the information, I think it needed a better understanding of Mr K's expenses. I think that the results from its checks suggested that Mr K may have had wider financial problems.

I've used Mr K's bank statements to understand his financial position at the time Loans2Go decided to lend to him and I can see that in the month before this loan was granted Mr K's income was around £1,823.13, the bank statements also show that Mr K had a significant number of transactions which appear to be gambling transactions of around £1,197 in one month. Mr K was also borrowing from several other lenders, I can see that he was either borrowing from or repaying at least seven other lenders.

Had Loans2Go carried out what I consider to be proportionate checks, it is likely to have seen that Mr K was reliant on credit and most likely gambling significant sums of his income. In the circumstances, it shouldn't have lent to Mr K.

### **Putting things right**

To put things right, Loans2Go should;

- Refund all interest fees and charges Mr K paid as a result of this loan.
- Add 8%\* simple interest on the payments from the date they were paid to the date of settlement.
- Remove any adverse information about this loan from Mr K's credit file.

\*HM Revenue & Customs may require Loans2Go to take off tax from this interest. Loans2Go must give Mr K a certificate showing how much tax it's taken off if it asks for one.

### **My final decision**

For the reasons given above, I uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 November 2021.

Oyetola Oduola  
**Ombudsman**