

The complaint

Mr C has complained about the cost of a loan he took from Loans 2 Go Limited (Loans2Go). He says the rate of interest being charged is too high and that Loans2Go has taken advantage of him.

What happened

Mr C applied online in January 2020 for a loan of £870. This was due to be repaid with 18 monthly payments of just over £198. The interest rate charged was £17.3% with an APR of 1, 013.1%. The total amount payable, including interest, was just over £3,579.

Mr C has said he didn't read the loan agreement properly and later realised what he was paying. He thinks the APR on the loan was too high and he has referred to another decision made by the Service which he thinks supports his complaint. Mr C has confirmed that his complaint is about the cost of the loan, and not about irresponsible lending.

One of our adjudicators looked into the matter but didn't uphold the complaint. Mr C didn't agree with the adjudicator, and so the complaint has been passed to me to make a final 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.

We've set out our approach to considering complaints about high cost lending on our website - including the key relevant rules, guidance, good industry practice and law. And I've considered this approach when deciding Mr C's complaint.

I've thought about what Mr C has said about the cost of this loan. I think there was a very large amount of interest payable on his loan and I can appreciate that Mr C might now feel this was unfair.

However, the loan documents set out the terms, the amount of interest payable and the full cost of the loan. Mr C made several payments over a period of months before he complained about the cost of the loan. It seems likely that Mr C had to actively engage in the loan application process online, and I think it's likely that he was aware of the 18-month loan term, the monthly instalments and the total amount re-payable at the time he submitted his application and agreed to the continuous payment authority.

Mr C appears to think that Loans2Go may have breached its regulatory obligations in relation to the cost of this loan and the interest applied. I've not seen anything which makes me think Loans2Go acted outside of the regulatory requirements in this regard. The loan did not fall under the regulatory 'cost cap' as the term was over 12 months. Mr C has suggested that another decision made by this Service about a high cost 18-month loan supports his complaint. I understand why he feels this, but the full circumstances relating to this other decision are different and I have to make my decision based on the circumstances of Mr C's

complaint, about his particular loan.

Taking everything into account, I think Mr C was aware he was taking a high cost loan over an 18-month period and he accepted these terms at the time. Mr C has said he feels he was taken advantage of by Loans2Go. I am sorry that Mr C may have subsequently found it difficult to repay his loan, but I haven't seen anything which suggests that Loans2Go took advantage of him at the time in order to provide him with high cost lending or in some way gave him little choice but to take the loan.

I can't fairly conclude that Loans2Go acted unfairly because the loan it provided to Mr C was high cost. Loans2Go does have an obligation to treat Mr C positively and sympathetically. So if he is struggling to repay his loan, I would expect Loans2Go to try and agree a repayment plan that is affordable for Mr C and enables him to repay the loan over a reasonable period of time.

I appreciate that Mr C feels very strongly about his complaint. I am aware that he will be disappointed by my decision, but having carefully considered the matter, I do not uphold his complaint.

My final decision

For the reasons given above, I don't uphold the complaint or make any award against Loans 2 Go Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 July 2021.

Sharon Parr
Ombudsman