

The complaint

Mr H has complained that Loans 2 Go Limited irresponsibly lent to him.

What happened

From the information provided, Loans 2 Go lent Mr H 12 loans, the details of the loans are below:

Loan number	Start date	Loan amount	Term	Repayment	End date
1	24/07/2013	£400	-	-	18/02/2014
2	18/02/2014	650	-	-	23/12/2014
3	23/12/2014	£500	-	-	22/01/2016
4	27/06/2016	£500	18 months	£90.28	10/12/2016
5	10/12/2016	£600	18 months	£135.93	01/04/2017
6	01/04/2017	£600	18 months	£135.93	12/12/2017
7	09/12/2017	£800	18 months	£132.44	15/06/2018
8	15/06/2018	£900	18 months	£149	29/12/2018
9	02/10/2018	£500	36 months	£68.89	29/12/2018
10	29/12/2018	£970	24 months	£147.12	27/07/2019
11	26/07/2019	£1,300	24 months	£197.17	07/10/2019
12	20/11/2019	£250	18 months	£57.14	outstanding

Loans 2 Go has been unable to provide the documents from the time of sale of loans 1 – 3. It says due to the time that has passed, it no longer holds the documentation for those loans. It has also said it believes Mr H has complained about those loans too late.

Our adjudicator looked at what both parties said and thought that Mr H complained about loans 1 – 3 on time but due to the lack of information available, she couldn't fairly assess those loans and say Loans 2 Go had done something wrong.

Our adjudicator looked at loans 4 – 12 and thought that Loans 2 Go was wrong to lend all the loans. Loans 2 Go has agreed that it shouldn't have lent loans 5 – 12 but says it wasn't wrong to lend loan 4.

As the complaint hasn't been fully resolved, it's been passed to me for 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.

Loans 1 – 3

In relation to loans 1 – 3, I don't think it has much of an effect here whether it is one this service can look into or not. I say this because due to the lack of documentation from the

time of sale, it isn't possible for me to fairly decide on whether Loans 2 Go has done something wrong and so I can't ask it to put things right in relation to those loans.

Loans 4 – 12

We've set out our general approach to complaints about unaffordable/irresponsible lending - including the key rules, guidance and good industry practice - on our website. And I've referred to this when looking at Loans 2 Go's decision to lend.

Loans 2 Go has agreed that it shouldn't have lent loans 5 – 12 and as there isn't a continuing dispute about those loans, I've focussed on making a decision about loan 4.

By the time Mr H was borrowing loan 4, he'd had three previous loans with Loans 2 Go all of which were refinanced. The interests on these loans weren't insignificant and I think that Loans 2 Go needed to have a thorough knowledge about Mr H's circumstances at the time and also had to take into account what it knew about him – his lending history with Loans 2 Go.

Mr H had been borrowing from Loans 2 Go for about four years when he was lent loan 4, there weren't any breaks in the lending. The results of Loans 2 Go's search into Mr H's credit file showed that he had several historic defaults, most of which still had outstanding balances on them. The credit file suggests that Mr H wasn't making the payments on these balances and so the balances weren't reducing.

I can see that Loans 2 Go saw copies of Mr H's bank statement and I can see that he was borrowing from at least another high cost lender recently. And so while Loans 2 Go argues that it wasn't wrong to lend this loan to Mr H, I think it should have been aware that Mr H was likely dependent on credit from it and was likely struggling to manage his money which is why he needed to keep returning for more loans.

In those circumstances, Loans 2 Go should have seen that further borrowing was likely causing an adverse impact on Mr H's finances and so it shouldn't have lent loan 4 as well.

Loans 2 Go needs to put things right for loans 4 – 12.

Putting things right – what Loans 2 Go needs to do

- refund all interest, fees and charges Mr H paid towards loans 4 - 11;
- add interest of 8% simple a year on the payments from the date they were paid (if they were) to the date of settlement†;
- remove all interest, fees and charges applied to loan 12 and treat all payments Mr H made towards that loan as payments towards the capital amount of £250.
- reworking the account for loan 12 is likely to result in Mr H paying more than the capital, then Loans 2 Go should add interest of 8% simple a year on the overpayments from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about loans 4 - 12 from Mr H's credit file.

† HM Revenue & Customs requires Loans 2 Go to take off tax from this interest. Loans 2 Go must give Mr H a certificate showing how much tax it's taken off if he asks for one.

My final decision

For the reasons given above, I'm partially upholding Mr H's complaint. Loans 2 Go Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 April 2022.

Oyetola Oduola
Ombudsman