

## The complaint

Miss R says Loans 2 Go Limited irresponsibly lent to her.

## What happened

This complaint is about a personal loan provided by Loans 2 Go to Miss R in April 2021. The loan was for £1000 and was to be repaid by Miss R over 18 months. There is a balance that remains to be paid.

Our investigator did not uphold Miss R's complaint and thought Loans 2 Go didn't do anything wrong when it gave her the loan. Miss R disagreed and the complaint was passed to me.

## 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 general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Miss R's complaint. These two questions are:

1. Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Miss R would be able to repay the loan in a sustainable way and without experiencing significant adverse consequences?
  - If so, did it make a fair lending decision?
  - If not, would those checks have shown that Miss R would've been able to do so?
2. Did Loans 2 Go act unfairly or unreasonably in some other way?

The rules and regulations in place required Loans 2 Go to carry out a reasonable and proportionate assessment of Miss R's ability to make the repayments under this agreement. This assessment is sometimes referred to as an "affordability assessment" or "affordability check".

The checks had to be "borrower" focused – so Loans 2 Go had to think about whether repaying the loan would be sustainable and cause significant adverse consequences *for Miss R*. In practice this meant that business had to ensure that making the payments to the loan wouldn't cause Miss R undue difficulty or significant adverse consequences.

In other words, it wasn't enough for Loans 2 Go to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Miss R. Checks also had to be "proportionate" to the specific circumstances of the loan application.

In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been *more* thorough:

- the *lower* a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss R's complaint.

*Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Miss R would be able to repay loan/s without experiencing significant adverse consequences?*

Loans 2 Go has provided evidence to show that before lending to Miss R it carried out a credit check and asked her for details about her income and expenditure. It verified Miss R's income and also went through the credit check to check Miss R's credit commitments. It then calculated what it thought was Miss R's disposable income to see if the loan repayments were affordable. Based on those checks Loans 2 Go thought it was fair to lend.

Based on the amount that Miss R borrowed, the repayment and term of loan, I think the checks were reasonable and proportionate. Those checks suggested to Loans 2 Go the loan was affordable and Miss R could sustain the repayments over the term. I appreciate Miss R has said she had an ongoing gambling problem at the time, and I acknowledge what she has said here. But I don't think this is something Loans 2 Go knew or ought to have known about from what I consider to be proportionate checks.

*Did Loans 2 Go act unfairly or unreasonably in some other way?*

I've also thought about whether Loans 2 Go acted unfairly in some other way and I haven't seen any evidence that it did.

## **My final decision**

For the reasons given above, I'm not upholding Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 31 May 2022.

Mark Richardson  
**Ombudsman**