

The complaint

Mr Y says Loans 2 Go Limited irresponsibly lent to him.

What happened

This complaint is about 3 loans Loans 2 Go provided to Mr Y between April and August 2020. Mr Y's borrowing history is as follows:

Loan	Date taken	Amount	Term	Repayment	Repaid
1	April 2020	£600	18 Months	£126.60	April 2020
2	June 2020	£1100	24 Months	£181.13	July 2020
3	August 2020	£250	18 Months	£57.16	June 2021

Mr Y withdrew from loan 1 within 3 days of agreeing it with Loans 2 Go. So as this is the case and Mr Y has not paid anything other than the capital amount he received, I have not looked into it. I have instead focussed on loans 2 and 3.

I issued a provisional decision on this complaint in May 2022. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

“Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Mr Y would be able to repay loans 2 and 3 without experiencing significant adverse consequences?”

Loans 2 Go has provided evidence to show that before lending to Mr Y on both occasions, it asked him for information about his income and expenditure. It also carried out a credit check. Before it agreed to give Mr Y the loans, it also verified his income. Based on those checks Loans 2 Go thought it was fair to agree loans 2 and 3.

I don't think the checks were proportionate on either occasion because when Loans 2 Go looked into Mr Y's expenditure it could see that the figure it arrived at was significantly different to the amounts declared by him. It had also on both occasions assessed that Mr Y could afford the loan repayments. But Mr Y didn't have a lot of disposable income left after making them. So I think Loans 2 Go ought to have wanted to assure itself that Mr Y could afford the repayments in a sustainable way when it assessed whether he could afford loans 2 and 3. So I think Loans 2 Go should have taken its checks further by verifying some of the information Mr Y provided.

Mr Y has provided copies of his bank statements from the time leading up to Loans 2 Go granting loan 2. I can see that there are many gambling transactions and that it was likely he was having problems managing his finances. Had Loans 2 Go carried out proportionate checks, it would have seen that Mr Y couldn't repay loan 2. It would have seen that the lending was unsustainable.

Mr Y repaid loan 2 in July 2020 and asked for loan 3 in August 2020. I don't think it is likely Mr Y's finances would have improved in this short period of time and so it follows that I don't

think, based on what I have seen in the statements submitted, that it should have given Mr Y this loan either.

Loans 2 Go needs to put things right.

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."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. Mr Y didn't respond. Loans 2 Go responded and had nothing further to add.

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.

Both parties have not made any further points. So, as neither party has anything further to add, I don't see any reason to depart from my findings within my provisional decision. With that being the case, Loans 2 Go now needs to put things right.

Putting things right – what Loans 2 Go need to do

- refund all interest and charges Mr Y paid on loan 2 and 3;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about loans 2 and 3 from Mr Y's credit file;

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

My final decision

My final decision is that I uphold Mrs Y's complaint and direct Loans 2 Go Limited to put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 11 July 2022.

Mark Richardson
Ombudsman