

## **The complaint**

Mr T complained that Loans 2 Go Limited (“Loans 2 Go”) irresponsibly granted him two personal loans (in March and September 2022) that he couldn’t afford to repay.

## **What happened**

In March 2022, Mr T took out a loan of £500 (account number ending 1288), over a term of 78 weeks, with a weekly payment of £23.72. The loan was repaid in September 2022, when he took out a further loan of £1,326.92 (account number ending 1758), over 104 weeks, with weekly payment of £41.24. Part of this loan - £326.92 - was used to repay the first loan, with £1,000 as additional borrowing.

Mr T felt he shouldn’t have been granted the loans – he said he had a gambling problem, and the top-up loan was a sure sign that he was struggling. He thinks Loans 2 Go should write off the debt, or at least refund the interest.

Mr T complained to Loans 2 Go, but it said that it had carried out appropriate checks before granting the loans, and told Mr T that it did not uphold his complaint. Mr T then brought his complaint to this service. Our investigator looked into it but didn’t think it should be upheld. Mr T didn’t agree, and asked for it to be reviewed by an ombudsman.

## **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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website, and I’ve taken this into account here.

I’ve decided not to uphold Mr T’s complaint. I’ll explain why.

In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn’t a set list of checks required of a lender, but it needs to ensure the checks are proportionate when considering matters such as the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer’s circumstances. So I’ve considered whether Loans 2 Go completed reasonable and proportionate checks to satisfy itself that Mr T would be able to make the repayments on each loan account in a sustainable way.

Mr T sent in copies of bank statements from the time around the loans being granted. Loans 2 Go sent in copies of the credit file information it used to make the lending decisions, the loan agreements, and copies of its computer records of the loans.

### **Loan 1 (account number ending 1288)**

Looking first at the initial loan of £500, Loans 2 Go said that Mr T declared his monthly income as £2,250, and it verified a minimum of around £1,665 using an online income

verification tool. Mr T's bank statements show that he was paid weekly, and the amounts varied, but Loans 2 Go's income figure is reasonable from what's on the statements – and indeed it looks as though Mr T's pay was sometimes higher than this.

Loans 2 Go also said that, based on Mr T's application and what was on his credit file, it calculated his monthly expenses to be just under £1,340 (leaving a disposable income of around £325) and therefore the loan repayments of £23.72 per week would have still been affordable. I've worked out that that weekly payment equates to just under £103 per month.

Based on the information from Mr T's application and credit history, Loans 2 Go said that he passed their affordability checks and therefore it didn't need to make more detailed enquiries about his circumstances, such as requesting bank statements.

I've thought about whether Loans 2 Go's checks were reasonable and proportionate, and on the first loan I think they were. I say this because Mr T's credit record showed three credit cards, a mail order account, and a current account. Some payments had been missed in the past, but all the accounts were up to date. Whilst the credit cards were near their limit, the total amount outstanding was less than £3,000, so not especially high relative to his income.

Mr T had three defaults recorded, one of which had been settled, but these were three or more years before his application for this loan, so I don't think it was unreasonable for Loans 2 Go to accept these in its assessment, given that the new loan was for a relatively small amount.

I don't have a breakdown of the amount that Loans 2 Go calculated as Mr T's monthly expenses, but looking at what Mr T stated on his application as housing costs, and taking account of his other credit commitments and allowing for living costs, the estimate of his expenses appears reasonable, and the disposable income looks adequate to cover the loan repayments.

So taking all this into account, I don't think it was unfair of Loans 2 Go to grant this loan based on the checks it carried out.

#### Loan 2 (account number ending 1758)

Six months after taking the loan of £500, Mr T applied to borrow a further £1,000. There was £326.92 outstanding on the first loan, so in order to repay that Mr T borrowed £1,326.92 in total. I don't have any information about the purpose of the loan.

For this loan, Loans 2 Go said that Mr T declared his monthly income as £2,800, but it verified that he received a minimum of around £1,821.21 monthly via an online income verification tool. It said it calculated his monthly expenses to be around £1,362.42 and therefore, the contractual loan repayment of £41.24 per week would have still been affordable. Loans 2 Go's figures showed a disposable income of just under £460 per month, and for this loan the weekly payment equates to just under £178 per month.

Again, I've thought about whether Loans 2 Go carried out reasonable and proportionate checks, and again I think it did. The income figure used by Loans 2 Go is reasonable based on what's on Mr T's statements – and as with the first loan his income looks higher on occasions. Mr T's other commitments as shown on his credit report (as I've described above) were unchanged from March 2022, and the payments were up to date. He had also met all of the payments due on the first loan.

As before, I don't have a breakdown of the amount that Loans 2 Go calculated as Mr T's monthly expenses, but from what Mr T stated on his application as housing costs, and taking

account of his other credit commitments and allowing for living costs, the estimate of his expenses again appears reasonable. So although his loan repayments were increasing with the new loan, I think it was reasonable for Loans 2 Go to grant it on the basis of the checks it carried out.

Mr T has told us that he had gambling problems, and I can see from his bank statements that there are numerous payments in this respect. I can understand how difficult this must have been for him, and I hope that he has received the appropriate help and support.

However, the gambling transactions did not show up on Mr T's credit file, and I've no evidence to suggest that Mr T told Loans 2 Go about them. I've explained above why I think that Loans 2 Go's checks were reasonable and proportionate, so I don't think Loans 2 Go needed to make more detailed enquiries. So Loans 2 Go could not reasonably have known about Mr T's gambling issues, and therefore couldn't have taken them into account.

I understand that Mr T feels strongly about this. But having considered all of the evidence I don't think Loans 2 Go acted unfairly in granting the two loans to Mr T, based on the checks it carried out. So I don't uphold Mr T's complaint.

Mr T has told us that he is in financial difficulties, and Loans 2 Go is required to treat customers in default or in arrears difficulties with forbearance and due consideration. I can see from Loans 2 Go's account notes that it offered to reduce the interest on the current loan. Mr T should contact Loans 2 Go to see if this offer is still open and otherwise agree an appropriate repayment arrangement.

### **My final decision**

For the reasons stated above, I have decided not to uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 23 November 2023.

Jan Ferrari  
**Ombudsman**