

The complaint

Mr D complains that the amount he is being asked to pay by Loans 2 Go Limited ("Loans 2 Go") on a loan that has been defaulted, is too high.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

I know it will disappoint Mr D, but I don't think Loans 2 Go have done anything wrong here. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The terms of Mr D's loan agreement, that he signed to confirm he had read and agreed, set out the interest rate and the total amount that would be repayable on his loan. The pre-contract information sheet provided similar detail.

Having read that information, I think it was clear and not misleading. I think it's likely that Mr D would have been aware of the arrangement he was entering into, and I've not seen any information that would suggest the agreement may have been misrepresented to him. Mr D was also provided with a fair opportunity to withdraw from the agreement if he wished. As Mr D proceeded and has had the benefit of the money, I don't think Loans 2 Go have been unreasonable to request payments from him or to pursue arrears.

Mr D's account was three months in arrears when Loans 2 Go defaulted it, and I don't think that action was unreasonable. As payments were regularly being declined due to insufficient funds, and as Loans 2 Go had been unable to make contact with Mr D, I think it was reasonable to consider it unlikely he would be able to sustainably repay the loan.

I would expect Loans 2 Go to be understanding of Mr D's financial difficulties and to see what they could do to help him. I think the evidence suggests they have been understanding. Their final response letter explained that they may be able to reduce repayment amounts, put a temporary hold on the account, impose a payment holiday, or write off arrears if Mr D contacted their collections team.

Ultimately, I don't think Loans 2 Go have done anything wrong or need to take any action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 May 2024.

Phillip McMahon
Ombudsman