

The complaint

Ms D is being represented by a claims manager. She's complaining about Loans 2 Go Limited because she says it lent to her irresponsibly by approving loans she couldn't afford to repay.

What happened

Between 2018 and 2022, Ms D took the following series of loans with Loans 2 Go:

- Loan 1 – October 2018 - £250 over 18 months with a monthly repayment of £56.
- Loan 2 – January 2019 - £464 over 18 months with a monthly repayment of £106.
- Loan 3 – September 2019 - £797 over 18 months with a monthly repayment of £182.
- Loan 4 – February 2020 - £1,000 over 18 months with a monthly repayment of £228.
- Loan 5 – August 2021 - £1,000 over 18 months with a monthly repayment of £205.
- Loan 6 – March 2022 - £1,078 over 24 months with a monthly repayment of £145.

On each occasion, the new loan was used to clear the outstanding balance of the previous loan.

Loans 2 Go didn't accept Ms D's complaint, saying that it completed appropriate checks to ensure each loan was affordable. But, as a gesture of goodwill, it did offer to write off the outstanding balance of loan 6.

Our investigator didn't conclude the complaint should be upheld. For loans 1 to 3, he felt Loans 2 Go carried out appropriate affordability checks and concluded the decision to lend on each occasion was reasonable. For loans 4 to 6, he felt Loans 2 Go should have carried out further checks to determine affordability and asked Ms D's representative to obtain copies of her bank statements from the time. But when this information wasn't provided, he concluded there wasn't enough evidence to show these loans were unaffordable.

Ms D didn't accept the investigator's assessment. Her representative asked for the complaint to be reviewed by an ombudsman but provided no further comment or evidence.

The complaint has now been referred to me for review.

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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't

believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before lending to Ms D, Loans 2 Go was required to carry out appropriate checks to ensure the repayments were affordable and sustainable. To decide whether this requirement was met, the key questions I need to consider in respect of each lending decision are:

- Did Loans 2 Go complete reasonable and proportionate checks to establish that Ms D would be able to repay the loan in a sustainable way?
- If so, was the decision to lend fair and reasonable?
- If not, what would reasonable and proportionate checks have discovered, and would the decision to lend have been fair and reasonable in light of that information?

Loans 2 Go has described the information it gathered to assess whether each of Ms D's loans was affordable before it was approved. This included:

- information contained in her application, including residential status, employment status and her income;
- information obtained from a credit reference agency (CRA), giving details of her existing credit arrangements and any past issues with credit, including missed payments and defaults; and
- an expenditure assessment using a combination of modelled data for key expenses such as council tax, utilities, food, clothing, communications, internet, home essentials, travel costs, insurance and wellbeing, along with actual data from the CRA about the cost of her existing credit arrangements.

Loans 2 Go maintains its affordability assessments were proportionate to the loans being given and showed that these were affordable.

I've reviewed this information carefully in respect of loans 1, 2 and 3. I'm conscious the amounts being borrowed were relatively low and in each case the repayments appeared comfortably affordable based on the income and expenditure assessment completed. The credit checks also showed Ms D's overall debt was low compared to her declared income. And while she had historic defaults, she appeared to have been up to date with the payments on her active credit accounts. On balance, I'm satisfied the checks were proportionate and that it was reasonable for Loans 2 Go to believe each loan was affordable.

For loans 4, 5 and 6, I think the fact Ms D kept coming back for further borrowing could have indicated she wasn't managing her finances well and I'm also conscious the amounts being borrowed were higher. I also note Ms D began missing some payments on each of these loans and that the amount of her overall credit (as shown in the credit check) had increased significantly by the time of loan 6 in particular. While I don't think the information obtained conclusively showed it was wrong to lend further to Ms D, it's my view that Loans 2 Go should have carried out further checks to determine whether these loans were affordable.

I can't know exactly what further checks Loans 2 Go might have carried out at the time, but I think a consideration of Ms D's actual income and expenditure would have been reasonable. To establish what information could reasonably have been discovered, and therefore allow us to assess whether the lending was appropriate, our investigator asked Ms D's representative to obtain copies of her bank statements from the time.

The investigator initially requested this information in December 2023 and, more than 3 months later and despite reminders, it's still not been provided. We can't keep complaints open indefinitely and it's my view that sufficient time has been allowed for Ms D's representative to provide additional information on her behalf. I'm also satisfied the consequences of not providing this information have been set out by the investigator and I think it's right that I now move to issue our final decision.

Without the further information requested from Ms D's representative, I don't have sufficient evidence to demonstrate the loans provided by Loans 2 Go were unaffordable and I'm therefore not in a position to conclude they shouldn't have been granted.

It's for these reasons that I'm not upholding Ms D's complaint. I realise this outcome will be disappointing for her, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation is helpful.

As I mentioned earlier, Loans 2 Go did previously offer to write off the outstanding balance of the remaining loan. It's not clear if Ms D accepted this offer. If she didn't, she may now want to contact Loans 2 Go directly to see if the offer is still available.

My final decision

For the reasons I've explained, I'm not upholding Ms D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 1 May 2024.

James Biles
Ombudsman