

The complaint

Mr K complains that Loans 2 Go Limited was irresponsible in its lending to him.

What happened

Mr K was provided with two loans from Loans 2 Go. The first in May 2019 for £750 (Loan 1) and the second in November 2023 for £2,000 (Loan 2). He says that at the time of the second loan he had other debts including credit cards and outstanding payday loans and the loan wasn't affordable. Mr K says that this would have been visible on his credit file. Mr K also says that the interest is front loaded which he wasn't aware of.

Loans 2 Go issued a final response letter dated 19 December 2023. It said that before lending it carried out checks to ensure the information provided in the application was accurate and reliable. It said that a credit check was undertaken, and it used credit reference agency information to verify an applicant's income and credit liability along with third party data to assess day to day expenses. It said that based on its checks the loans were affordable for Mr K.

Loans 2 Go said that the interest had been charged on the loans in line with the terms and conditions and that this information was provided to Mr K in the pre-contract credit information. While Loans 2 Go didn't uphold Mr K's complaint, it made a goodwill offer to reduce the interest on his outstanding loan balance by 15%.

Mr K referred his complaint to this service.

Our investigator didn't uphold this complaint. Regarding loan one she didn't think it would have been proportionate for Loans 2 Go to ask for the information needed to show the lending was unsustainable. Regarding Loan 2, she noted that Loans 2 Go verified Mr K's income and expenses and she didn't think it had acted unfairly by providing the loan.

Mr K didn't agree with our investigator's view. He said when he applied for both loans he had a poor credit score and other lenders wouldn't provide him with credit. He said he had multiple loans and credit cards, and this would have been clear from his credit report. He didn't accept that the lending was responsible.

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 general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the

total cost of the credit.

Mr K was provided with two loans by Loans 2 Go and I have set out my findings regarding each of these below.

Loan 1

Before the loan was provided, Loans 2 Go gathered information about Mr K's income, expenses and carried out a credit search. Mr K's declared monthly income was £2,400 and his expenses were recorded as £1,250. A credit check was undertaken, and this showed that Mr K had other credit commitments and had been taking out short term loans. However, he had settled these accounts and was generally up to date on his outstanding credit. There was a loan account in an arrangement to pay but I do not find this was enough to say the lending shouldn't have been provided.

Taking into account the size of the loan, the repayments and Mr K's income, I find the checks carried out before the lending was provided were reasonable and as these suggested the loan was affordable I do not find I can say that Loans 2 Go did anything wrong by providing the loan.

I note Mr K contacted Loans 2 Go after the loan was provided regarding repayment concerns and an agreement was made for reduced repayments, but he then paid the withdrawal amount, and the loan was settled.

Loan 2

Before the loan was provided, Loans 2 Go gathered information about Mr K's income and carried out a credit search. Mr K provided copies of his payslips for the months of July 2023 to October 2023, and I find it reasonable that this information was relied on. The payslips showed Mr K receiving a monthly income of £6,159. However, this included sales commission and so I find it reasonable that a lower monthly income of around £3,706 - based on Mr K's basic salary - was included in the assessment.

Information was also collected about Mr K's expenses, including his credit commitments, utilities, transport, groceries and other regular expenses. These gave a total of £1,355 a month. However, a zero amount was included for Mr K's home costs, and I can see in the account notes that further information about this was received on 3 November showing Mr K's rent/mortgage as £700. Based on these numbers, I find that the monthly loan repayments of around £269 appeared affordable.

Mr K has said the lending shouldn't have been provided because he had other debts outstanding at the time. Loans 2 Go carried out a credit search and this showed that Mr K had four credit card accounts. In total these gave him credit of £2,150. While I note his comments that he was utilising around 90% of his limits, he was managing the accounts within the credit limits and while he had previously been in arrangements to pay on three of the cards, he had been up to date with his payments in the months previous to his application. Mr K also had a loan outstanding which was in an arrangement. While this needed to be considered I can see in the account notes that Mr K was asked about the loan which he said was for a small amount and had been repaid. So, while I appreciate that Mr K did have issues identified within his credit report, I do not find that these were enough to say that the lending shouldn't have been provided and I think the additional questions asked by Loans 2 Go were reasonable.

Taking everything into account I do not find that I can say that Loans 2 Go did anything wrong by providing the loan.

Mr K contacted Loans 2 Go shortly after the loan was provided to say that he had been made redundant. Given his change in circumstances I find it reasonable that Mr K was sent an income and expenditure form to complete so his financial circumstances could be fully understood. Following this a 30-day payment holiday was applied to his account and then a repayment plan accepted. I find this a reasonable response to Mr K's situation. That said, given Mr K's circumstances we would expect Loans 2 Go to continue to treat Mr K positively and sympathetically when discussing the repayment of his loan. I also note in its final response that Loans 2 Go made a goodwill offer to Mr K and if he wishes to accept this he should discuss this directly with Loans 2 Go.

Mr K has also complained about how the interest was charged. But as this was set out in the loan agreement and Mr K was provided with this information when he agreed to the loan, I do not find I can say Loans 2 Go was wrong to charge interest in the way it did.

In conclusion, I do not find that I can say that Loans 2 Go was wrong to provide Mr K with the loans and so I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

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

Jane Archer
Ombudsman