

## The complaint

Mr K, through a representative, says Loans 2 Go irresponsibly lent to him.

## What happened

On 27 April 2022 Mr K took out an 18-month loan for £300 from Loans 2 Go. The monthly repayments were £61.67 and the total repayable was £1,110.06.

Mr K says the loan was mis-sold. He had several very high value loans at the time and was struggling to repay them. Loans 2 Go did not make a fair lending decision.

Loans 2 Go says it completed the right level of checks before lending and they showed the loan would be affordable. However, as a gesture of goodwill, it offered to write-off Mr K's outstanding balance of £216.71 in full and final settlement of his complaint

He rejected this offer and brought his complaint to this service. He asked for compensation, a refund of interest and for any adverse entries on his credit file to be removed.

Our investigator did not uphold Mr K's complaint. He said the lender's checks were proportionate and showed the loan to be affordable.

Mr K disagreed with this assessment and asked for an ombudsman's review. He said Loans 2 Go did not go through what his incomings and outgoings were and there were some months he couldn't afford to pay but they still put interest and arrears on.

I reached the same conclusion as the investigator but made some different findings so I issued a provisional decision. An extract follows and forms part of this final decision. I asked both parties to send any new information or comments by 9 May 2024.

### *Extract from my provisional decision*

*I can see Loans 2 Go asked for some information from Mr K before it approved the loan. It asked for his monthly income and expenditure. It verified his declared income using a third-party tool. It reviewed his declared expenditure to ensure it was reasonable based on national statistics. It checked Mr K's credit file to understand his existing monthly credit commitments and credit history. I can't see it asked about the purpose of the loan. From these checks combined Loans 2 Go concluded Mr K had enough disposable income for the loan to be affordable.*

*I think these checks were a reasonable starting point based on the size and term of the loan and the cost of the monthly repayments relative to Mr K's declared income. But I don't think they went far enough given the results the credit check returned. I'll explain why.*

*Mr K was not over-indebted – he had £3,214 of unsecured debt. There was some adverse information on his file but it was historic and, on its own, not a reason to decline the application. However the credit check also showed that Mr K had missed the last two months of payments on a home credit agreement. And he had recently opened two credit cards (in*

*November 2021 and March 2022) and used the limits in full straight away. So I think Loans 2 Go needed to carry out a fuller financial review to get the assurances it needed that Mr K was not under any recent financial pressure that might mean he would struggle to repay this loan sustainably.*

*In cases like this we typically look at bank statements from the three months prior to application. I am not saying Loans 2 Go had to do exactly this, but it is a reliable way for me to understand what better checks would most likely have shown. However, Mr K has not been able to provide statements so I cannot know here what better checks would most likely have shown. And based on the information I do have from the checks Loans 2 Go completed I cannot conclusively say it was wrong to lend.*

*Mr K declared a monthly income of £2,500 but as Loans 2 Go only verified £1,860, it used the lower figure. It calculated Mr K's expenses were £1,549.05. Contrary to Mr K's recollections, he did provide details of his outgoings that Loans 2 Go then checked against averages. And I can see from the credit check Mr K needed to spend around £500 a month on his existing credit commitments. This meant Loans 2 Go understood Mr K had a monthly disposable income of around £310 and so could afford this loan with its monthly cost of £61.67.*

*So based on the evidence that is currently available I cannot fairly conclude Loans 2 Go was wrong to lend to Mr K. I have not seen any evidence it acted unfairly towards Mr K in some other way.*

Loans 2 Go replied and said it had no additional points to make. Mr K did not submit any comments or new information.

### **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 unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

As neither party sent in any new evidence I have no reason to change the findings or outcome in my provisional decision.

For the reasons set out above, and based on the available evidence, I cannot fairly conclude Loans 2 Go was wrong to lend to Mr K.

### **My final decision**

I am not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 June 2024.

Rebecca Connelley  
**Ombudsman**