

## The complaint

Mr O complains about how Loans 2 Go Limited treated him when agreeing a repayment plan in February 2022. Mr O additionally complains that Loans 2 Go failed to action an offer it made in August 2022.

## What happened

In August 2021 Mr O took out a £1,000 loan from Loans 2 Go, to be repaid over 18 months. The repayment amount was £205.56 per month and the total amount to be repaid was £3,700.08.

Below is a timeline of events. (This represents a summary of the contact which has taken place and which is relevant to the complaint. It therefore does not detail all contact Mr O has had with Loans 2 Go.)

### *Mr O's initial repayment plan*

- 24 November 2021 (and followed up on 26 November 2021) Mr O emailed regarding the arrears on his account. He asked if he could make reduced monthly payments and for an early settlement figure.
- 26 November 2021 Loans 2 Go replied providing a settlement figure and asking Mr O to complete an attached income and expenditure ("I&E") form. It also provided details of other options it had available to assist Mr O while he was struggling financially and signposted him to various debt charities.
- 2 December 2021 Loans 2 Go sent Mr O a default notice letter and sent a text message.
- 6 December 2021 Mr O emailed that he was unable to open the form and asked for a different format or for a copy to be sent in the post. The following day Loans 2 Go replied providing an alternative copy and confirming a copy had also been posted to Mr O.
- 28 December 2021 a final demand email was sent. Mr O replied the same day explaining he can't repay the full balance and asking for a reduced monthly payment amount. On 30 December 2021 Loans 2 Go replied asking Mr O to complete the previously provided I&E document.
- Loans 2 Go has confirmed that on 28 December 2021 the default was registered on Mr O's credit file.
- 10 January 2022 Mr O emailed to say he had been very unwell in hospital. He said he hoped to be in a position to reply properly the following week once he had recovered. Loans 2 Go acknowledged this and explained it will place a 7 day hold on the account (to allow him the time to provide this information).

- 19 January 2022 Mr O emailed to say he was feeling much better and would submit the form that evening. 21 January 2022 Loans 2 Go acknowledged this email explaining the next steps after it received this information (together with repeating information on how to complete the form, how to make payment and signposting Mr O to debt charities.)
- 1 February 2022 Mr O emailed attaching the I&E form.
- 7 to 13 February 2022 email exchange between Mr O and Loans 2 Go querying the information provided in the I&E and discussing the monthly repayment amount.
- 16 February 2022 Mr O's account notes show Loans 2 Go had made the decision to sell the debt on to a third party with the sale to take place overnight (17 February 2022).
- 17 February 2022 Loans 2 Go emailed Mr O explaining it has accepted the proposed repayment plan of £50 per month for the next three months.
- 20 February 2022 Mr O emailed asking when the repayment plan will start.
- 23 February 2022 Loans 2 Go replied saying that since it had last spoke to Mr O it had now sold his debt to a third party and Mr O should contact the third party regarding payment of his debt. Mr O replied the same day stating '*I am confused! I submitted the expenditure form and had an agreement in place.*' Loans 2 Go replied on 28 February 2022 explaining that as it hadn't received any payment since signing the loan, it had sold the debt to the third party.

#### *The August 2022 offer made by Loans 2 Go*

- 23 July 2022 Mr O complained to Loans 2 Go that it irresponsibly lent to him. (This is for context only and is not the subject matter of the complaint being considered within this decision.)
- 5 August 2022 Loans 2 Go wrote to Mr O rejecting his complaint. However, as a gesture of good will it offered to rewrite his balance, so only the principal balance remained outstanding.
- 8 August 2022 Mr O emailed in response, agreeing to the offer on the condition that all adverse information was removed from his credit file.
- 11 August 2022 Loans 2 Go replied explaining why it wasn't able to amend Mr O's credit file and asked if he understood and was willing to proceed on that basis.
- 15 August 2022 Mr O replied asking if the outstanding balance could be reduced any further due to his financial circumstances.
- 19 August 2022 Loans 2 Go replied saying Mr O needed to repay the full principal balance. It again asked Mr O to confirm acceptance of the offer so it could amend the outstanding balance and put in place a repayment plan. Mr O replied the same day stating "*Can we put a payment plan in place please*".
- 22 August 2022 Loans 2 Go responded explaining it had not received acceptance of the offer in its final response letter. It again outlined the details of the offer and asked Mr O respond within seven days.

- 11 January 2023 Mr O contacted Loans 2 Go querying the default on the account and wanted it removed. Loans 2 Go reviewed this but concluded that the default had been correctly applied.
- 24 October 2023 Mr O raised another complaint with three main complaint points:
  - The loan was irresponsibly lent.
  - The account should not have been defaulted and sold on.
  - The balance should have been reduced to £1,000 in line with the offer Loans 2 Go made and which Mr O feels he accepted.
- Loans 2 Go considered the complaint. It referred Mr O to the Final Response letter it issued on 15 August 2022 responding to his irresponsible lending complaint. It subsequently responded to his two remaining complaint points in another Final Response letter. In this letter it explained that as it didn't receive a response to the email of 22 August 2022 the offer was not accepted by Mr O and as such it wasn't actioned. It also explained why it felt it was fair to default the account.

Unhappy with Loans 2 Go's response to his complaint, Mr O referred his complaint to our service and it was considered by an investigator. The investigator didn't uphold the complaint. They felt that Mr O hadn't accepted the offer made in the 22 August 2022 Final Response letter. They also felt that Loans 2 Go was within its rights to issue a default and sell the debt on. Mr O disagreed and referred his complaint to an ombudsman.

I issued a provisional decision setting out my thoughts on this complaint. In my provisional decision I said:

*I will start by considering the events from November 2021 to February 2022 when Mr O attempted to set up a repayment plan. I'll then go on to consider whether Mr O did accept the subsequent offer Loans 2 Go made.*

*Mr O's initial repayment plan*

*The above timeline shows Mr O had an email exchange with Loans 2 Go over several months (from November 2021 to February 2022) to agree a repayment plan. Although Mr O took a considerable amount of time to complete an accepted I&E form, Mr O has explained he was unwell and in hospital during this period, so I think some of the delays were understandable.*

*On 17 February 2022 Loans 2 Go emailed Mr O agreeing a repayment plan of £50 for three months. However, the day before Mr O's contact notes show Loans 2 Go had already decided to sell the debt on to a third party, with the sale due to take place 'overnight' (and so by the following day). Mr O emailed three days later to ask when payment would start and in response Loans 2 Go explained that 'since they had last spoke' it had now sold the debt on to a third party. It detailed that Mr O would need to contact this third party regarding payment.*

*Whilst I accept that the decision to sell the debt on only happened the day before, Loans 2 Go still agreed a repayment plan with Mr O after it had chosen to sell on the debt (and therefore would no longer own the debt or have the right to accept payment.) Loans 2 Go has acknowledged that agreeing the repayment plan at this time was an error on its part. However, rather than acknowledge this to Mr O and explain why it had taken the decision to sell the debt on, Loans 2 Go said the decision had been taken 'since they had last spoke' and didn't provide any further context.*

*I agree with Mr O's email at the time that this would have been very confusing for him. In addition, I think it would've been quite distressing, particularly given the financial struggles Mr O was experiencing and which Loans 2 Go was aware of. So I think it's fair that Loans 2 Go compensate Mr O for the trouble and upset this will have undoubtedly caused and pay him £150.*

*I've thought about whether Mr O would have been in a different position, if Loans 2 Go had proceeded with the repayment plan at this time. However, I'm not persuaded he would have been. The account was already placed in default in December 2021 and from everything I've seen I think Loans 2 Go followed the correct steps to notify Mr O that the account was going to be defaulted. In addition, the repayment plan reached was only due to last three months, at which time Mr O would've needed to engage again with Loans 2 Go to agree next steps. Looking at Mr O's payment history, he has not made any payments towards his loan prior to this repayment plan discussion and he has not made any repayments towards the debt to the third party since this time. So I think it's most likely that even if this plan had been put in place, the account would have subsequently been sold on.*

*I have noted Loans 2 Go's argument that these issues were already considered when it reviewed Mr O's July 2022 complaint and the offer made in the first final response letter (dated 5 August 2022) took this into consideration. However, I can't see Mr O specifically raised this (as the first complaint was solely about irresponsible lending) or that this issue was addressed within this response. So I don't agree that Loans 2 Go have already considered this as part of the previous response. I don't think Mr O raised this until his more recent complaint October 2023. I also note that in Mr O's customer contact notes when considering the complaint in question, Loans 2 Go has highlighted that it has previously considered affordability, but it can consider why the debt was sold on and amending his credit file. This suggests Loans 2 Go are aware these are additional complaint points which weren't considered in the previous review.*

#### *The August 2022 offer made by Loans 2 Go*

*The above timeline details the email exchange Mr O had with Loans 2 Go regarding the offer it made in the final response letter of 5 August 2022. Mr O attempted to negotiate the terms of this offer to reduce the balance outstanding to below the principal amount and to remove adverse information from his credit file – both of which Loans 2 Go declined to do. Mr O's last email to Loans 2 Go stated "Can we put a payment plan in place please". At which point Loans 2 Go replied asking again for acceptance of its original offer before it could put anything in place.*

*Mr O has said he didn't receive a response to his request for a repayment plan (Loans 2 Go's final email in this chain, sent 22 August 2022). He's also said he sent another email when the balance wasn't reduced and called Loans 2 Go. However, it's not clear when this was and from looking at the contact notes Loans 2 Go didn't hear from Mr O again until January 2023.*

*I've considered whether Mr O's response (asking to set up a repayment plan) constitutes acceptance of the offer, however I'm not persuaded it does. It's clear from the chain of emails that Mr O was attempting to negotiate the terms of the offer and Loans 2 Go were quite clear in its responses, explaining that he still needed to accept the offer on the terms set out so it could put this offer in place. Therefore, I don't think his request to set up a repayment plan was sufficient in communicating to Loans 2 Go that he did want to accept the offer. Furthermore, Loans 2 Go has shown it again wrote to Mr O on 22 August 2022 (and after Mr O's final email in that chain) explaining that he still needed to accept the offer. I appreciate that Mr O says he didn't receive this email, but it was sent to his email address and part of the same chain where Mr O had been receiving and responding to emails. So I think it's most likely that this email was correctly sent by Loans 2 Go.*

*In addition, I'm mindful that prior to this Mr O had already had discussions about a repayment plan and the need to complete an I&E. So I think Mr O would've been well aware that a repayment plan hadn't been set up at this time, as he hadn't taken these steps or begun making any repayments towards the outstanding balance. I think that even if Mr O hadn't received the email of 22 August 2022, the lack of any payment or further discussion of a repayment plan should've been enough for Mr O to follow this up around that time. However, as explained above, Mr O didn't contact Loans 2 Go again until January 2023 and at this time it seems he was querying the default, not the outstanding balance. It wasn't until October 2023 that Mr O challenged the outstanding balance. So I don't think Mr O did enough to accept the offer within a reasonable time of it being made. As the offer wasn't accepted within a reasonable time period Loans 2 Go has stated it is no longer willing to honour it. Again given the circumstances of this case, I don't think this is unfair. As I've explained above, Mr O has waited a substantial period of time before coming back to Loans 2 Go to challenge this and it's not reasonable to expect Loans 2 Go to leave an offer open indefinitely. In addition, I think Mr O should have been on notice that he hadn't communicated acceptance of the offer when the balance wasn't*

*reduced and a repayment plan wasn't set up.*

*So to summarise, I don't think Loans 2 Go treated Mr O fairly during discussions about a repayment plan in February 2022. And I currently intend to award Mr O £150 to compensate him for the trouble and upset this will have caused. However, I can't say Loans 2 Go acted unfairly in adding the default to his account, or by not reducing Mr O's balance following the offer made in August 2022 as I don't think Mr O communicated his acceptance of this offer.*

In response Loans 2 Go accepted my provisional decision and Mr O didn't provide a substantive response.

### **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 see no reason to depart from the findings I reached in my provisional decision (which forms part of this decision). So it follows that I uphold this complaint in part.

- I think that Loans 2 Go's treatment of Mr O during their contact about his initial repayment plan was likely to have caused him both distress and inconvenience, particularly given Mr O's financial struggles which it was aware of. So to recognise this, Loans 2 Go should pay Mr O £150.
- I'm not persuaded Loans 2 Go acted unfairly in adding the default to Mr O's account. And I don't think it acted unfairly by not reducing Mr O's balance following the offer made in August 2022, as I don't think Mr O communicated his acceptance of this offer.

### **Putting things right**

Loans 2 Go should pay Mr O £150 compensation for the trouble and upset caused. I make no further awards.

### **My final decision**

For the reasons explained above and in my provisional decision, I uphold this complaint in part and require Loans 2 Go Limited to put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 5 July 2024.

Claire Lisle  
**Ombudsman**