

The complaint

Ms M complains that Loans 2 Go Limited was irresponsible to lend to her.

What happened

Ms M was approved for the following loan from Loans 2 Go in April 2022:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Repayment</u>
1	12 Apr 2022	£980	18m	£201.44

Ms M says Loans 2 Go didn't carry out sufficient checks before approving the loan and she was struggling to repay it. She says she was already experiencing financial issues at the time and couldn't maintain her existing commitments.

Loans 2 Go says it verified Ms M's income and checked her credit file. It says it found she had sufficient disposable income to afford the repayments. However, it offered to write off the outstanding balance of £370.24 as a gesture of goodwill. Ms M did not accept this offer.

Our investigator did not recommend the complaint should be upheld. She wasn't satisfied that Loans 2 Go had carried out proportionate checks but considered that, had it done so, it was likely to have found the loan was sustainably affordable.

Ms M responded to say, in summary, that her bank statements showed multiple payments to debt collection agencies already and so Loans 2 Go should have been aware she was struggling financially at the time.

Provisional findings

I issued a provisional decision to Ms M and to Loans 2 Go on 14 August 2024 and I've summarised my findings below:

- I considered that Loans 2 Go had enough information on which to make its lending decision and I found it was irresponsible to have approved Ms M's loan application:
 - Although the majority of Ms M's defaults were from 2016 and 2017, she had one default from less than nine months earlier;
 - Ms M had missed the last two payments on a credit card that was over its limit and for which she'd already been in two repayment plans in the last year;
 - She had taken out two loans within the last five months;
 - Three of her mail order accounts were also over their credit limits;
 - She had five accounts with debt collection agencies.

So, I was satisfied the checks carried out by Loans 2 Go showed that Ms M was already struggling financially, and I could not conclude it made a fair lending decision.

Both parties responded to accept my provisional 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.

As both parties accepted my provisional decision and neither responded with any additional information, I see no reason to depart from it.

My final decision

My decision is that I uphold this complaint. Loans 2 Go Limited should:

- Add up the total amount of money Ms M received as a result of having been given the loan. The repayments Ms M made should be deducted from this amount:
 - If this results in Ms M having paid more than she received then any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement)*. Loans 2 Go should also remove all adverse information regarding this loan from Ms M's credit file;
 - If any capital balance remains outstanding, then Loans 2 Go should arrange an affordable and suitable payment plan with Ms M. Once Ms M has cleared the balance, any adverse information in relation to the loan should be removed from her credit file.

*HM Revenue & Customs requires Loans 2 Go to deduct tax from this interest. Loans 2 Go should give Ms M a certificate showing how much tax it's deducted if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 17 September 2024.

Amanda Williams
Ombudsman