

The complaint

Mr S complains that Loans 2 Go says he has a loan with it which he disputes.

Mr S says that if he did take a loan with it then it was lent to him irresponsibly.

What happened

Mr S has told us that he does not remember taking any loans from Loans 2 Go and if he had been given loans then he shouldn't have been as he's got medical evidence to demonstrate that he is a vulnerable adult and was experiencing the same vulnerabilities and medical issues in 2020 too.

Loans 2 Go has sent us records to show that Mr S applied for a loan for £250 in September 2020 with an 18 month loan term to be repaid weekly. It has sent to us account notes, details of his application and a credit search it carried out on Mr S before approving the loan for him. Mr S had to consent for a Continuous Payment Authority (CPA) to be set up. The first weekly payment of £13.19 was due to leave his account on 7 September 2020. To set that CPA up Mr S would have had to give Loans 2 Go details of his debit card and bank account to which that was linked.

Mr S got into arrears. Account notes show that at first Mr S engaged with Loans 2 Go. He asked for an early settlement figure several times, he asked to withdraw from the loan at one point in September 2020 and on another occasion he asked for a top-up on the loan of a further £50 which was refused.

The Statement of Account Loans 2 Go has sent to us also shows that Mr S paid the £13.19, although a little irregularly, until November 2020. Then no more payments were sent to it.

In April 2021 the debt was sold to a third party debt purchaser which became the legal owner of that debt. Mr S is pursuing a separate complaint with that third party. I am aware of that case.

After Mr S had complained, Loans 2 Go sent to him a final response letter dated 5 June 2024. In that letter it explained all that it had done when approving his loan for him. Mr S was not content and asked for it to be investigated by the Financial Ombudsman Service.

One of our investigators looked at the documents and records Loans 2 Go had sent to us. He saw details which led him to think that Mr S had taken the loan in September 2020. And our investigator considered that Loans 2 Go had made the right checks before lending to him. So, he was not going to ask Loans 2 Go to do anything to put things right for him.

Mr S asked for an ombudsman to look at it so it was passed to me to decide.

After I had reviewed the complaint I suggested to the investigator that some of the Loans 2 Go documents were sent to Mr S. We invited Mr S to respond about them before a certain date to give him time to review them and come back to us with any comments he

may have before I issued a decision.

Mr S has sent to us an updated letter from his medical practitioner. I was sorry to read of his bereavement.

Mr S sent us a link to his credit file but when we explained we could not open the link then our investigator called Mr S and on that call Mr S said to carry on just with the doctor's letter.

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.

We've set out our general approach to complaints about unaffordable/irresponsible lending - including all the relevant rules, guidance and good industry practice - on our website.

Loans 2 Go had to assess the lending to check if Mr S could afford to pay back the amount he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Loans 2 Go's checks could've considered several different things, such as how much was being lent, the size of the repayments, and Mr S' income and expenditure.

I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Loans 2 Go should have done more to establish that any lending was sustainable for Mr S.

These factors include:

- having a low income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- having a large number of loans and/or having these loans over a long period (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr S. But as Mr S took one loan only I do not consider that point was reached.

Loans 2 Go was required to establish whether Mr S could *sustainably* repay the loan – not just whether he technically had enough money to make the repayments. Having enough money to make the repayments could of course be an indicator that Mr S was able to repay the loan sustainably. But it doesn't automatically follow that this is the case.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr S' complaint.

From the details I have seen, including the signed agreement and detailed account notes dating back to September 2020 (copies of which Mr S has) I am satisfied that Mr S applied

for the loan and one was given to him. So, I do not uphold Mr S' contention that he's never had a loan with Loans 2 Go. I hope that having seen the documentation sent to him Mr S is able to accept that.

I've reviewed the information Loans 2 Go has sent to us which gives details of the information Mr S gave it in his application form. He told Loans 2 Go that he worked full time and earned £1,600 each month. His outgoings for groceries, utilities, and transport added up to £490 a month. Mr S gave a '£0' figure for housing costs.

For a first loan of £250 which was a relatively modest amount I think that Loans 2 Go could rely on the information Mr S told it about his income. In any event, Loans 2 Go has explained that it would have used a credit reference agency to verify the bank account details Mr S had provided to it and to use it to check the declared income. Loans 2 Go has explained in its FRL that

'the declared income check is designed to ensure the income amount disclosed by the applicant matches (on average) what was on their six months bank account statement - as obtained from [credit reference agency]. Applicants with a reported income amount less than required will automatically be declined the loan.'

Loans 2 Go has said that it recognised Mr S' declared income of £1,600 was incorrect and it substituted a figure of around £937 a month as Mr S' income for the purposes of the application.

Loans 2 Go then used statistical data to dovetail with the expenditure information Mr S had given to it. Loans 2 Go used a figure of £720 a month for his expenditure. And so, the loan at £13.19 a week looked affordable to Mr S.

Loans 2 Go did a credit search and he had a low credit score, he had two active County Court Judgments (CCJs) and these registered as the accounts in default to a value of £635. £603 of that amount was the unsatisfied CCJs and the most recent one had been 30 months before Mr S' application to Loans 2 Go. One had been a CCJ in March 2018 and the other a CCJ in June 2016.

Mr S had a building society account which had no adverse markers on that. A default marker was entered against a credit card he'd taken in 2015 which had defaulted with a balance of £425. And a communications supplier account from 2017 had defaulted with a balance of £210. There was a second communications supplier account which had defaulted but Mr S had settled that account in 2017. One of these defaults may have been linked with the CCJs. It's not clear.

There was a fair amount of adverse information contained within the results Loans 2 Go received, but the CCJs were quite a long time before Mr S was approaching Loans 2 Go for a modest loan and lenders such as Loans 2 Go are used to receiving applications from people with adverse information on their credit files. So, I do not consider that any further checks needed to be carried out by Loans 2 Go before lending to Mr S.

Overall, Mr S applied for the loan, I consider that Loans 2 Go carried out proportionate checks and I do not uphold Mr S' complaint about the loan.

Health issues

I am sorry to have read of Mr S' medical and health issues. I note that he only informed Loans 2 Go about this after the loan had been approved. And so, I do not consider that its likely Loans 2 Go knew of this or ought to have known of this unless Mr S had informed them

in September 2020. There's no evidence in the account notes that Mr S told them of this, and so I do not consider it did anything wrong.

Mr S has said to Loans 2 Go that he's unhappy about the interest. The amount charged on a loan is a commercial matter for the lender to fix and is not something that the Financial Ombudsman Service gets involved with.

I do see that documentation was sent to Mr S about the loan in 2020 and he did have the option to withdraw from it if he had wanted to within 14 days. In the account notes I have read that Mr S did give notice to do just that. But for the withdrawal to take effect he would have had to have repaid the £250 cash plus a small amount of interest soon after giving it notice of his intention to withdraw. From the account notes it seems like Mr S did not do that.

As for the debt, that was sold to a third party in April 2021. And so that third party had legal ownership of the debt from that date.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr S or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I do not uphold the complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 November 2024.

Rachael Williams
Ombudsman