

The complaint

Mr S complains that Loans 2 Go Limited (L2G) irresponsibly lent to him.

What happened

Mr S was approved for a L2G loan for £1,250 in January 2022. Mr S says this was lent irresponsibly to him, and he never received a credit agreement from them, and they didn't provide any cooling off period details. Mr S made a complaint to L2G.

L2G did not uphold Mr S' complaint. They said they undertook credit checks and validated his income and expenditure information, and they concluded that the loan was affordable. L2G said that Mr S would have been required to read, agree, and sign the loan agreement before being provided with the funds, and a signed copy of the loan agreement would have been provided to him at the start of his loan. They said he was provided with a 14 day cooling off period. Mr S brought his complaint to our service.

Our investigator did not uphold Mr S' complaint. She said the checks L2G carried out were proportionate and she didn't think there was anything in the information L2G gathered that ought to have highlighted any concerns about him being able to sustainably afford the agreement. She said L2G didn't act inappropriately in providing the loan to Mr S. Our investigator said she had been provided with a pre-contract and a credit agreement which Mr S signed on 30 January 2022, which included details such as the total amount of credit, the term of the loan, how much he would be paying each month, and the interest rate, so she couldn't agree Mr S didn't have this information prior to taking out the loan.

Mr S asked for an ombudsman to review his complaint. He made a number of points. In summary, he said the checks L2G carried out did not show he had three County Court Judgements (CCJ's) totalling £14,000, and several defaults. He says he didn't receive the documentation about the loan, so he wasn't aware of the terms of the loan and the cooling off period. Mr S says the process was completely automated without manual checks, and he doesn't recall signing the credit agreement.

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.

Firstly, I'm aware that I've only summarised Mr S' complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Mr S, L2G needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's

income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks L2G have done and whether I'm persuaded these checks were proportionate.

The checks showed that Mr S had declared a monthly income of £1,750. L2G had managed to verify Mr S' income through the Credit Reference Agency (CRA) they used as a minimum of £1,742.43 a month. They had also calculated his monthly expenditure to be around £1,399.

Other information from the CRA showed that Mr S was not subject to an Individual Voluntary Arrangement (IVA), and he wasn't bankrupt. There were no defaults showing on his credit file that were registered in the six months prior to his application, and there were no CCJ's showing either.

I've considered what Mr S has said about the checks not showing his £14,000 CCJ's or his defaults. It might help to explain that some lenders don't report the account history/activity to all of the CRA's. L2G are not required to source information from all of the CRA's as this wouldn't be proportionate. So I can't fairly say that L2G would have had any reason to doubt the information provided to them from the CRA they used.

The checks from the CRA showed that Mr S had opened one new account in the previous 12 months, which appeared to be a bank account which didn't have an overdraft, and they were aware Mr S had other bank accounts with one of these having a £500 overdraft. The bank account provider did not show Mr S was in an overdraft at the point this was reported to the CRA L2G used.

The checks from the CRA also showed that Mr S was up to date with his payments. So I'm not persuaded that there were any obvious signs from the checks that L2G completed that Mr S wouldn't be able to affordably sustain the repayments of the loan. So based on the information provided by Mr S to L2G, and the information L2G received from the CRA, I'm persuaded that the checks L2G carried out were proportionate, and they made a fair lending decision to approve the loan for Mr S.

I've considered what Mr S has said about the process being automated. But there's no requirement for L2G to complete manual checks with every application they receive. This wouldn't be proportionate, especially when the data they received would show no signs of needing to make a manual intervention, or complete further checks based on the information they received from both Mr S and the CRA.

I've also considered what Mr S has said about not viewing the credit agreement or being aware of the cooling off period and loan repayments. But the credit agreement was electronically signed by Mr S. The credit agreement also states "*Read full agreement, including Terms of Agreement overleaf before signing*". It also says "*Sign it only if you want to be legally bound by its terms*". So I'm persuaded that Mr S would have needed to agree he read the full agreement to electronically sign the application and receive the funds.

Mr S also provided his card details for the repayment to be taken by a Continuous Payment Authority. And the credit agreement does show the cooling off period, the repayments required each month, the interest rate, and the payment terms. So I'm persuaded that Mr S would have been aware of these at the time he applied for the loan.

I can also see that Mr S was sent a text message to the same mobile number he provided to our service on 31 January 2022 at 12:25pm which included the wording "*Welcome to Loans 2 Go. We have transferred your funds to your bank account. Manage your account or make a payment any time by visiting (website provided)*".

So if Mr S was in any doubt he signed a L2G loan agreement, it would have been proportionate for him to contact L2G to query the loan or its contractual terms if he had forgotten these. It may have been possible for him to see these on the website they provided on the text message, but if it wasn't, it would have been reasonable for Mr S to contact L2G at this point, especially as he would have still been in his cooling off period and L2G had already deposited the funds into his bank account.

Although I'm persuaded that L2G made a fair lending decision, in the final response L2G sent Mr S, the response mentions Mr S providing them with bank statements as well as any supporting documents to assist them in understanding his situation better at the time L2G approved his application. The final response letter said they didn't receive these from Mr S.

So out of courtesy to Mr S, I asked him if he could provide his bank statements for the months leading up to the approval of the loan, so I could forward these to L2G in line with the final response letter.

Mr S provided his statements and he also provided further information for consideration. In summary he said his monthly basic pay was £1,771.83, but this doesn't include deductions such as income tax, National Insurance and pension contributions so his net income would be just over £1,000, he said he was required to pay up to £500 a month in child support maintenance, which further impacted his income. He also explained how his salary can fluctuate with advances and overtime.

I passed Mr S' comments onto L2G and his bank statements. L2G did not change the outcome of the complaint. They said that whilst they accept that Mr S' income may have varied, their checks revealed that Mr S' average minimum income was £1,742.43 for the previous six months. They also said that despite what Mr S said about his child support maintenance payments, the loan application he completed showed he had no dependents, so they couldn't take this into consideration at the time the loan was approved.

I'm persuaded that L2G's response was fair in respect that if Mr S had entered on his application that he received £1,750 a month net income, and this was verified by the CRA to be £1,742.43 over a six month period, then there would be no reason for L2G to believe that further deductions would be made, especially when Mr S told them he was full time employed (as opposed to self-employed), and the payment was being made to a personal bank account.

I've seen the application screen which Mr S would have seen as part of his application. There is a "*Dependent details*" section which asks "*Number of financial dependents*". So if Mr S was paying child support maintenance then he ought to have not selected "0" which L2G's details showed he did. As Mr S has already highlighted the application was automated, then I'm persuaded he did tell L2G that he had no financial dependents, as there was no manual intervention from L2G's side with his application.

I've also 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 can't conclude that L2G 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. So it follows I don't require L2G to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 January 2025.

Gregory Sloanes
Ombudsman