

## **The complaint**

Mrs M complains that Loans 2 Go Limited trading as Loans 2 Go irresponsibly lent her four personal loans. She also complains that the interest it charged took advantage of her vulnerability. She said she was in financial difficulty when she took out the loans and they have made her situation worse.

## **What happened**

Upon receiving applications from Mrs M, Loans 2 Go agreed to lend her the following personal loans.

January 2020 - £400

May 2020 - £500

January 2021 - £500

May 2022 - £950

All loans were repaid early before the agreed settlement date.

Mrs M complained to Loans 2 Go in May 2024. She said it had lent her these loans irresponsibly, as her credit file should have alerted it to the fact she was having a lot of problems, and the loans would not be affordable. She also complained about the interest rate charged as she felt the loans were too expensive.

Loans 2 Go didn't uphold the complaint. It said after carrying out its checks, including verifying Mrs M's income, the loans were all deemed affordable otherwise it wouldn't have agreed to lend them. It said its affordability reviews were completed in line with Financial Conduct Authority guidelines. It also said the interest charged on the loans was in line with the terms and conditions of the account.

Mrs M brought her complaint to our service. She told us that she had a gambling addiction and had taken out numerous loans to cover her outgoings. She said she was already experiencing financial difficulty when she took out these loans, and those difficulties have now been made worse.

## **My provisional decision**

I issued a provisional decision in which I said the following.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Before agreeing to lend to Mrs M, Loans 2 Go was required to ensure it was lending responsibly. It needed to carry out reasonable and proportionate checks to ensure that Mrs M could afford to repay each of the loans. It was up to Loans 2 Go to determine what checks it deemed necessary to determine that, but the checks needed to be borrower focused, and depend on things such as the amount borrowed,

the monthly payment amount compared to the borrower's income, and the term of the loan.

Before it agreed to Mrs M's loan applications, Loans 2 Go considered what Mrs M had told it about her income and expenditure. It has told us it verified Mrs M's income information using a third-party verification tool. It used Mrs M's credit file to verify her existing credit commitments, and also used data sourced from the Office for National Statistics as a reference for other daily living costs. I'm satisfied that's in line with the guidance issued by the regulator. As those checks found no causes for concern, and resulted in Mrs M having sufficient disposable income left after the monthly loan repayments had been taken into account, it agreed to the loans.

Having considered the information Loans 2 Go had access to at the time of the applications for loans one, two and three, I think the checks it completed were reasonable and proportionate. The loans were for relatively small amounts in comparison to Mrs M's income at the time, and there wasn't anything about Mrs M's credit file that I think ought to have prompted Loans 2 Go to dispute the information it had been provided with.

Whilst I appreciate Mrs M has said she was in financial difficulty at the time, I don't think her credit file would have alerted Loans 2 Go to that, as, except for some credit card arrears that had been brought up to date before loan one was agreed, her accounts were well managed. Each of the loans Mrs M had taken with Loans 2 Go had also been well maintained and settled early, so I'm not persuaded there was anything that ought to have alerted Loans 2 Go to Mrs M having difficulties with her finances, before or after it had agreed to lend. I've also not seen anything that would have led Loans 2 Go to suspect Mrs M may have had a gambling addiction before it agreed to lend her the money.

After having verified Mrs M's income, as well as what it could see about her existing credit commitments, I'm also satisfied it considered the outcome of the affordability checks fairly, and overall, it wasn't acting irresponsibly to lend to Mrs M at that time.

When Mrs M applied for loan four in May 2022, she declared her income as £2,544 per month. Loans 2 Go has said that its verification checks showed Mrs M received a minimum income of £1,001.77 per month. It said Mrs M's monthly expenses were around £1,552 before taking into account the new loan repayment of £195.28. Loans 2 Go has sent us the income and expenditure assessment it completed before approving Mrs M's loan. I can see it used Mrs M's declared monthly income, as opposed to the verified income, to calculate that she had a disposable income of over £1,000 per month before it approved the loan.

Loans 2 Go has said that where the income verification checks show that the loan would be unaffordable, it would decline to lend. Based on the minimum income amount that came back from Loans 2 Go's checks Mrs M's income would not have been sufficient to afford the new loan repayments. As she would have had a negative disposable income after accounting for her existing essential expenditure.

When the Investigator questioned this with Loans 2 Go, it said that when completing its checks, it verifies whether the customer earns the minimum amount required for the loan to be affordable based on their verified expenditure. It said the sum of £1,001.77 is not the total amount the customer earned in the month, but the minimum amount required for the loan to be affordable for them. But based on its own calculations, that wasn't the case for Mrs M's application. For the loan to have been deemed affordable, the minimum income would have had to come back as at least

£1,748 so that Mrs M could afford to maintain her existing expenditure commitments and the new loan repayments.

Mrs M had not changed jobs since she'd completed the applications for the previous loans. Each time Loans 2 Go had verified her income during those applications, it had come back with figures that were reasonably close to the income Mrs M had declared herself (between £1,500 and £2,000 per month). I've seen copies of Mrs M's bank statements for the three months leading up to the application, and can see the minimum she'd received from her employer in that period was £2,346 per month. I know that the income verification checks consider a longer period of six months, but I haven't been made aware of anything to suggest Mrs M's income had reduced and then increased again in February 2022, which is the earliest statement I've seen.

Loans 2 Go has been very clear that as a responsible lender, it would not agree to lend where its income verification checks showed the loan would not be affordable. In this case, based on the figures Loans 2 Go has provided our service itself, the loan did look to be unaffordable for Mrs M after it completed its verification checks. But the information I've seen about Mrs M's actual income, shows that her actual income was sufficient to make the loan affordable for her. So I think either, Loans 2 Go's checks actually confirmed that the loan amount was affordable, and the figure it's provided our service of £1,001.77 is not actually related to the figure used for affordability calculation purposes. Or, the figure of £1,001.77 is incorrect.

Either way, I'm not persuaded the loan was unaffordable for Mrs M based on the actual income she was receiving at the time. So even if I was to conclude that Loans 2 Go should have done further checks to confirm Mrs M's income based on the outcome of its verification checks, I don't think it would, or should, have made a difference to its decision to lend to her.

Overall, having considered the circumstances of all four loan applications, I'm not persuaded Loans 2 Go has acted irresponsibly by agreeing to lend to Mrs M.

Mrs M has also complained about the interest charged on these loans and has said that Loans 2 Go took advantage of her vulnerability. I've looked at the credit agreements for each of the loans that Mrs M applied for, and agreed to. I'm satisfied those documents made it clear what interest rate would be charged, how the interest would be applied to the loan, and the total cost of credit.

For example, loan four's credit agreement said the interest rate would be charged at a fixed rate of 180% per annum and would be applied in full at the commencement of the agreement. It made clear that the total charge for credit (the total that Mrs M would pay to borrow £950) was £3,515.04. Whilst I appreciate Mrs M may feel this is expensive, I'm satisfied Loans 2 Go made the costs sufficiently clear to her, and Mrs M chose to go ahead on that basis.

So, having considered all the circumstances, whilst I'm sorry to hear about the difficulties Mrs M has experienced, I'm not persuaded she's been treated unfairly by Loans 2 Go."

Loans 2 Go hasn't responded to my provisional decision.

Mrs M said she didn't accept it. She said it was clear at the time that she was struggling with managing her finances and debt. She was constantly being declined for loans and credit

cards and there was a high volume of hard credit searches on her credit file which should have been a red flag.

Mrs M said her credit rating was bad and there were a large number of missed payments on her credit file. She also said it was clear from her bank statements that she had a gambling addiction.

### **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, including the most recent comments Mrs M has made, I remain satisfied that this complaint should not be upheld, for the reasons I set out in my provisional decision.

I've already explained that I'm satisfied Loans 2 Go carried out reasonable and proportionate checks when it considered Mrs M's applications. What she's said hasn't changed my mind about that. I don't think it needed to review Mrs M's bank statements based on the information it held at application stage. So I don't think it did have any reason to suspect Mrs M may have had a gambling addiction before it agreed to lend to her.

Mrs M has said her credit rating was bad and the information contained on her credit file should have been a red flag to Loans 2 Go. Whilst Mrs M did have a poor credit rating at the time of the applications, I don't think that automatically required Loans 2 Go to do further checks. Loans 2 Go advertises that it will lend to borrowers with poor credit ratings, and as I explained in my provisional decision, Mrs M's credit accounts were generally well managed at the time of the applications.

Overall, having considered all the circumstances, I remain satisfied that Loans 2 Go was not lending irresponsibly when providing Mrs M with these loans.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 15 April 2025.

Kathryn Billings  
**Ombudsman**