

The complaint

Mr N complains that Loans 2 Go Limited (L2G) treated him unfairly when in financial difficulty; and added adverse marks to his credit file.

What happened

In December 2023, Mr N borrowed money on a loan from L2G for £1,500. The total to be repaid was £2,832. The term was 24 months and contractual monthly payments were £118. The loan was drawn down on 19 December 2023.

In January 2024, Mr N made a complaint to L2G – that the loan was provided irresponsibly (this is separate to this complaint).

The first payment of £118 was made in January 2024 and then in February 2024. But after that, Mr N missed the next five contractual payments in March 2024, April 2024, May 2024, June 2024 and July 2024.

On 8 April 2024, Mr N emailed L2G to say he had sent the first complaint to our service and while that was being considered, he offered to pay £20 per month on the loan. On the same day, L2G emailed Mr N asking that he complete an income and expenditure (I&E) form.

Mr N did this. It showed a negative disposable income of £2,736. And on 16 April 2024, L2G emailed Mr N and asked for more information.

On 20 April 2024, L2G issued a Notice of Sums in Arrears to Mr N.

On 20 May 2024, L2G issued a Default Notice - this said arrears of £354 should be paid by 14 June 2024.

On 15 June 2024, L2G sent a Final Demand.

On 17 June 2024, Mr N emailed L2G and said he didn't understand why he was getting the letters – as he had a payment arrangement agreed and in place.

On 17 June 2024, L2G said they still needed more information about Mr N's I&E.

On 20 June 2024, L2G contacted Mr N and said they hadn't received the information they asked for on the April I&E form and ask him to complete another one – as the previous one had timed out.

On 21 June 2024, L2G wrote to Mr N again and asked for the new I&E form to be completed.

On 1 July 2024, L2G asked for the I&E form again.

On 2 July 2024, Mr N completed this and it showed a negative disposable income of £1,978 per month.

On 2 July 2024, L2G wrote to Mr N and asked for more information about the I&E form. Mr N replied and L2G asked more questions on 19 July 2024.

Mr N's complaint:

On 23 July 2024, Mr N raised a complaint against L2G. He said:

- It had taken since February 2024 to deal with his proposal to pay £20 per month – this was far too long.
- In the meantime, he had been paying the agreed amount of £20 per month.
- His credit file had been affected – if L2G had agreed to the reduced payment plan when he asked for it, this wouldn't have happened. He said the missed payment markers on his credit file (between March 2024 and June 2024) should be removed – and the missed payments weren't missed as he was paying £20 per month. He had paid £20 per month for April, May June and July 2024.

L2G didn't agree with Mr N's complaint:

The firm said :

- They sent a final response to Mr N's previous complaint about irresponsible lending on 23 February 2024. And then emailed him on 23 March 2024 to say he was in arrears and gave him other payment options, including a possible payment plan.
- On 3 April 2024, Mr N said he could pay £20 per month while his case was at our service. L2G asked for an I&E form to be completed, which Mr N did – but they asked some questions about some of the information. An I&E form is needed so the firm can understand a customer's financial situation and to ensure the payments are affordable.
- There wasn't a revised I&E form completed and Mr N didn't communicate with L2G. On 15 June 2024, it appeared that Mr N thought he was on an agreed payment plan of £20. L2G sent him another I&E form to complete – which Mr N did on 2 July 2024. L2G asked more questions about it.
- Mr N's credit file was been marked with the missed payment information – as the firm had to report accurate information to credit reference agencies (CRAs).

Mr N didn't agree and brought his complaint to us:

Our investigator didn't uphold it and said:

- It was reasonable that L2G asked for more information on the I&E form Mr N sent in.
- The information wasn't provided until July 2024.
- Mr N had offered to pay £20 per month in April 2024, but it wasn't agreed to by L2G.
- L2G contacted Mr N several times to ask for the information, without success.
- The marks on Mr N's credit file were an accurate reflection of what happened and should not be removed.

Mr N didn't agree and asked that an ombudsman look at his complaint. He said L2G had a responsibility to treat him fairly. The firm knew he was in communication with them and was trying to agree a payment arrangement. So they should've known this and acted in a way to help him, but didn't.

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.

There are two aspects to Mr N's complaint:

- L2G should've agreed to his request for a reduced payment plan more quickly.
- L2G marked his credit file with missed payments while he was paying £20 per month.

Time taken to agree payment plan:

Businesses have an obligation to treat customers in financial difficulty sympathetically and the Financial Conduct Authority (FCA) says that businesses like L2G should treat customers in difficulties with forbearance and due consideration. For example, a business might suspend or waive interest, accept lower payments or defer them, and allow customers more time to repay their debt.

I can see that Mr N contacted L2G in April 2024 and said he could pay £20 per month while his previous complaint was being looked at by this service. Mr N said he contacted our service about his complaint about irresponsible lending – I can't see this has been received by us. I can't see that L2G agreed to a 'hold' on Mr N's account or agreed to a payment plan because of this.

But in any case, it doesn't have an impact on this complaint he's now brought to us. But I would note that there's no obligation on firms to agree to reduced payments or a standstill in cases that have been referred to our service: each firm takes a case-by-case view on this.

After he contacted L2G in April 2024, and then sent in an I&E form, L2G emailed him back on 16 April 2024 (eight days later) to ask him more questions about his offer of £20 per month. The I&E showed a deficit of £2,736 per month - which was a lot.

The firm asked for more information about his debts with other lenders. L2G thought he had put the total amount of debts and not the monthly payments. I think that was a reasonable thing to ask – firms must make sure that a payment plan is the right thing for a customer, and that the payments offered are affordable.

At that stage, L2G did not agree to the payment plan.

On 17 June 2024, L2G asked Mr N for the information again; and again on 20 June 2024. In the email, L2G set out the possible payments that Mr N was making to each lender and asked him to confirm the figures.

On 20 June 2024, L2G then contacted him again to ask for a new I&E form as the previous one had expired (as it was over 30 days old). The firm explained this and went through the reasons for the request and the detail they needed to see about the monthly payments to lenders.

After Mr N contacted L2G again, L2G explained their request - and the reasons why.

After L2G chased Mr N again, on 1 July 2024 – Mr N sent in the new I&E on 2 July 2024. L2G asked him again about the monthly payments to lenders. After Mr N replied that the monthly amount was accurate, L2G asked him how he was going to be able to make the payments – as the new I&E showed a shortfall of £1,978 per month. And firms must ensure a plan is workable and can be afforded.

It was then that Mr N became frustrated and raised a complaint.

I consider that, having reviewed the evidence:

- It was reasonable for L2G to ask the questions they did - the I&E forms showed large shortfalls and on the face of it, Mr N couldn't afford £20 per month - and it's reasonable that firms should ensure any plan is workable and affordable.
- L2G asked for the I&E forms on several occasions, and also asked the questions a number of times – without replies from Mr N.
- I didn't see any evidence that L2G agreed to the payment plan of £20 – until July 2024.
- On balance I think L2G acted reasonably in asking the questions they did. And the delays were not a result of the firm acting slowly or asking unreasonable questions, but in all fairness, the delays were a result of Mr N not responding to the requests for information, or for a new I&E form.

Credit File:

Mr N was building up arrears on his loan – as he wasn't making the contractual payments of £118 per month. The lower payments of £20 couldn't reasonably be considered as a replacement for the contractual payments.

I can see that L2G made this clear to Mr N in their communications.

For example, on 3 April, L2G said *"please note late or missed payments will be reported to credit reference agencies which may adversely impact your credit score."*

On 8 April 2024 and 21 June 2024, L2G said to Mr N: *"please note that your account may fall into arrears if you are not paying the full amount due. The following actions may occur if you fail to make payment on your contractual due date:*

- *Account collection process will resume such as calls, SMS, and letters.*
- *Late or missed payments will be reported to credit reference agencies which may adversely impact your credit score.*
- *Litigation will be considered, and such action may result in a County Court Judgement being registered against you."*

16 April 2024 and 17 June 2024: *"We would also like to remind you that late or missed payments will be reported to credit reference agencies, which may adversely impact your credit score".*

So, I'm satisfied that L2G made it clear about the effect on Mr N's credit file of making the lower payments.

And here – all firms must report accurate information to the CRAs - which is what L2G did. And this cannot be removed or changed unless there was an error – which in this case, I'm satisfied there wasn't.

I appreciate that Mr N feels strongly about his company and will be disappointed by my decision, but on the evidence I've reviewed I think L2G acted reasonably and I am not upholding this complaint.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 January 2025.

Martin Lord

Ombudsman