

## **The complaint**

Mr L complains that Loans 2 Go Limited trading as loans2go.co.uk was irresponsible in its lending to him. He wants all interest and charges he has paid refunded along with 8% statutory interest. And any adverse information recorded about this loan removed from his credit file.

Mr L is represented by a third party but for ease of reference I have referred to Mr L throughout this decision.

## **What happened**

Mr L was provided with a £250 loan by Loans 2 Go in March 2023. The loan term was 78 weeks and Mr L was required to make weekly repayments of £11.86 (around £51 a month). Mr L didn't think that adequate checks were carried out before the loan was provided. He said he had other active accounts at the time and had taken out new credit in the months leading up to this loan. He said that this loan led him into a cycle of borrowing.

Loans 2 Go issued a final response to Mr L's complaint dated 11 April 2024. It said that when processing loan applications stringent checks are carried out to check whether the information provided by the applicant is accurate and reliable. It said a credit check is carried out and information from the credit reference agencies used to verify an applicant's declared income. Estimates based on third party data are then used to assess day-to-day expenditure.

Regarding Mr L's application, Loans 2 Go noted that he declared a monthly income of £2,400 and a minimum amount of £1,332.63 was verified with the credit reference agencies. It calculated Mr L's expenditure to be around £1,041.14 and so it found the weekly repayments of £11.86 were affordable. While Loans 2 Go didn't accept it had acted irresponsibly but given the issues raised it offered to reduce the interest on Mr L's loan by 35%.

Mr L was satisfied with Loans 2 Go's response and referred his complaint to this service.

Our investigator thought that Loans 2 Go had carried out reasonable checks before providing the loan. He didn't find evidence that suggested the lending would be unaffordable for Mr L and therefore he didn't uphold this complaint.

Mr L didn't agree with our investigator's view. He said that Loans 2 Go shouldn't have relied on estimates for his expenditure as the third-party data relied on averages and his situation didn't fit with this. He said that had proportionate checks taken place, such as reviewing his bank statements, Loans 2 Go would have realised the lending wasn't responsible.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr L was provided with a £250 loan with weekly repayments of £11.86 (equivalent to monthly repayments of around £51). Before the loan was provided, information was gathered about Mr L's employment and income and estimates used to assess his expenses. Mr L's income was verified, and a credit check was carried out.

Mr L's credit check didn't identify any county court judgments, bankruptcies, individual voluntary arrangements or any recent defaults. There were historic defaults and one of Mr L's accounts was in a payment arrangement. However, based on the credit results, Mr L's financial issues appeared historic and there was no recent adverse data recorded. Mr L had taken out a credit card in January 2023 with a credit limit of £400 and while I note that he also took out another loan around this time, Loans 2 Go's credit check only showed one account being opened within the previous 12 months. Given the adverse information identified was historic and the recent data didn't raise concerns, I do not find in this case that the credit check results were such that the loan shouldn't have been provided or that further checks were required.

That said, Mr L had experienced previous financial issues, and I think this needed to be kept in mind when the affordability checks were undertaken. In this case, Mr L declared a monthly income of £2,400 and a verification process was undertaken with a credit reference agency. This gave a minimum monthly income of around £1,332. I find this approach reasonable. However, I also note that having looked at Mr L's bank statements, had further checks been carried out these would have supported his declared income of around £600 a week (£2,400 a month).

Mr L said that his bank statements should have been requested to verify his expenses. Noting the size of the loan and the repayments compared to Mr L's income, I do not think this was required. While I understand the comments about estimates being used for the affordability assessment, this can be a reasonable approach and as the credit check didn't raise recent issues and the affordability checks didn't suggest concerns, I think the checks Loans 2 Go undertook were proportionate. That said, looking through Mr L's bank statements, I do not find that had further questions been asked about his living expenses these would have suggested the lending to be unaffordable.

So, while I appreciate that had Mr L's bank statements been reviewed these would have shown issues that would have raised concerns about providing Mr L with further credit, given the size, and duration of the loan and the repayment amounts, I do not find, in this case, that Loans 2 Go was required to request Mr L's bank statements. Based on the information that was gathered I do not find that the lending should have been considered unaffordable and therefore I do not uphold this complaint. I note that Loans 2 Go made an offer in its final response letter and if Mr L wishes to discuss this he should do this directly with Loans 2 Go.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in some other way given what Mr L has complained about, including whether its relationship with Mr L might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Loans 2 Go lent irresponsibly to Mr L 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.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 March 2025.

Jane Archer  
**Ombudsman**