

## **The complaint**

Mr C has complained about a fixed sum loan agreement he took out in December 2021 with Loans 2 Go Limited. He's said the loan was unaffordable and shouldn't have been approved.

## **What happened**

Mr C took out this loan at the end of December 2021. He borrowed £2,000 over 24 months.

Due to arrears on the account, Loans 2 Go sold the debt to a third-party company. I understand Mr C also entered a debt management plan.

In November 2024, Mr C complained to Loans 2 Go to say the loan should never have been provided to him. Loans 2 Go didn't uphold the complaint and so Mr C referred the complaint to our service.

Our Investigator didn't recommend the complaint be upheld. She thought that whilst Loans 2 Go hadn't carried out proportionate affordability checks, she hadn't seen anything to indicate Loans 2 Go hadn't made a fair decision to lend.

Mr C didn't agree, so the complaint was passed to me to decide.

## **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.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case. What is proportionate will vary with each lending decision and considers things such as (but not limited to): the amount of credit, the size of the repayments, the cost of the credit, the purpose the credit was taken out for and the consumer's circumstances.

Therefore, taking into account the relevant rules, guidance, good industry practice and law at the time Mr C took out the loan, I think there are three overarching questions I need to consider in order to decide what's fair and reasonable in the circumstances of this complaint. These questions are:

- Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Mr C would be able to repay his loan in a sustainable way? If so, did it make a fair lending decision?
- If not, would those checks have shown that Mr C would have been able to do so?

- Did Loans 2 Go act unfairly or unreasonably in some other way?

As set out above, the regulatory framework requires Loans 2 Go to have carried out a proportionate and reasonable assessment, based on sufficient information, of whether Mr C could afford to make the repayments under the agreement with it in a sustainable manner.

Loans 2 Go has shared with us the steps it took before lending to Mr C and how it analysed the information that it got. Moreover, Loans 2 Go's position is that appropriate checks were completed in order to establish Mr C's credit worthiness and the affordability of the agreement from the get-go.

I am grateful for the detail Loans 2 Go has provided in setting out how it assessed Mr C's ability to repay the agreement. However, the difficulty is that although it has told us, in broad terms, what it did, I think there were enough causes for concern here that it ought to have taken a step back and asked Mr C for more information. I say this because there were clear discrepancies in the information Mr C declared against what Loans 2 Go was able to verify (both in his income and his expenditure on other credit commitments). Mr C had also taken multiple new lines of credit in the months leading up to this loan being taken out, and was over his credit limit on one of his credit cards.

Having considered everything very carefully, I'm not persuaded that Loans 2 Go's checks went far enough and so I don't think they were reasonable and proportionate.

But, it isn't enough for me to say the checks weren't proportionate. I also have to find that they would have shown that Mr C could not afford the borrowing. To do this I need information about Mr C's full financial situation at the time. That is where I have run into difficulty. In order to make an assessment of Mr C's financial standing at the relevant time we asked him to provide us with his bank statements.

Mr C has provided us with bank statements covering late-2024, but asked we continue with the complaint without him providing us with his bank statements for September to November 2021 that we'd asked for.

As our Investigator explained in her assessment of this complaint, the information Loans 2 Go held indicated this loan was affordable, and Mr C told Loans 2 Go at the time that he'd got into difficulty with the payments due to a change in his circumstances (which I won't detail here to protect his privacy when this decision is published). So for us to reach a conclusion that the loan was unaffordable we would need to review Mr C's bank statements in the run up to him taking out this loan to see if those showed something different.

Since then Mr C has been given two further opportunities to provide his bank statements but hasn't done so, which means I've had to decide this complaint based on what we already hold.

Having done that I agree with our Investigator that the information Loans 2 Go held indicated this loan was affordable. That assessment is based on the information Mr C provided at the time of the sale about his income and expenditure, as well as the information Loans 2 Go obtained from a credit reference agency about Mr C's other credit commitments and approximate income.

I also take on board Mr C's payment history, and that he told Loans 2 Go at the time that his payment difficulties was due to a substantial change in his personal circumstances rather than that the lending decision was wrong.

For all of these reasons on balance I have no proper basis for saying that Loans 2 Go didn't

make a fair lending decision, nor do I think it acted unfairly or unreasonably in some other way.

Overall, I am not persuaded that Loans 2 Go lent to Mr C in an irresponsible manner or that it treated him unfairly. In reaching my conclusions, I've also considered whether the lending relationship between Loans 2 Go and Mr C might have been unfair to Mr C under section 140A of the Consumer Credit Act 1974. However, for the reasons I've explained, I don't think Loans 2 Go irresponsibly lent to Mr C or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A or anything else would, given the facts of this complaint, lead to a different outcome here. I'm therefore not upholding Mr C's complaint.

I appreciate this is likely to be very disappointing for Mr C but I hope he'll understand the reasons for my decision.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 May 2025.

Julia Meadows  
**Ombudsman**