

The complaint

Miss G has complained that Loans 2 Go Limited trading as Loans 2 Go unfairly provided her with a loan

What happened

On 01 July 2019, Miss G entered into a loan agreement with Loans 2 Go as shown below:

Date	Amount of credit	Term	Monthly payment	Total repayable
01 July 2019	£750	18 months	£171.42	£3085.56

On 11 August 2024, Miss G complained to Loans 2 Go with the help of a professional representative. In the complaint, Miss G said she didn't think Loans 2 Go had lent responsibly to her. She felt it had failed to undertake a reasonable assessment of her creditworthiness at the time of the lending. She's said had Loans 2 Go completed the appropriate checks it would have found the lending was unaffordable.

Loans 2 Go looked into Miss G's complaint and issued a final response letter explaining it believed it had acted fairly in providing the credit. Loans 2 Go provided a summary of the checks it had conducted and felt the agreement was affordable for Miss G. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about her, asking her about her income and expenditure, and confirming this through the credit reference agencies, and using data from the Office of National Statistics (ONS) to understand more about her expenditure.

Miss G didn't accept Loans 2 Go's response, so she referred her complaint to our service with the help of a representative. One of our investigators looked into it, but based on the evidence available, our investigator said she couldn't reasonably conclude that the lending was irresponsible, or the relationship was unfair.

Miss G didn't accept what our investigator said. So, as there was no agreement, the complaint has been passed to me for a decision.

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.

I think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Loans 2 Go carry out reasonable and proportionate checks to satisfy itself that Miss G was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Loans 2 Go make a fair lending decision?
- Did Loans 2 Go act unfairly or unreasonably towards Miss G in some other way?

Loans 2 Go had to carry out reasonable and proportionate checks to satisfy itself that Miss G would be able to repay the credit sustainably. It's not just about Loans 2 Go assessing the likelihood of Miss G being able to repay the credit, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the cost of the credit.

Did Loans 2 Go carry out reasonable and proportionate checks to satisfy itself that Miss G was able to sustainably repay the credit?

Before lending to Miss G, Loans 2 Go asked her questions to get an understanding of her financial circumstances. It's said she declared an income of £1,100 a month, with housing costs of £200 a month. They verified this using the credit reference agencies (CRA) and found that Miss G earned a minimum of £1,056.34 a month and so, it used this lower figure to calculate affordability. It didn't find a mortgage on Miss G's credit file and so accepted the figure she gave for rent costs in her application. Miss G declared her other essential expenditure, including food, utilities, travel, and other costs, to be £350 a month. However, Loans 2 Go also calculated her likely expenditure using the data from the ONS. This came out at the higher amount of £474.83 so, it used this higher figure to calculate affordability. It also considered repayments to her existing unsecured debt. Miss G declared that she had to pay £100 a month to maintain this and Loans 2 Go didn't find a higher figure with the CRA so it used the declared figure in its calculations. This led it to conclude that Miss G had enough disposable income to afford the loan, which I agree was the case.

Loans 2 Go has also explained that it carried out a full credit search to get an understanding of Miss G's situation before it decided to lend. It said this revealed she had no recent defaults, debt management plans, bankruptcies, or IVAs. However, there was one County Court Judgement that had been satisfied over a year before. It also found that five months prior to lending Miss G had missed 2 payments to a credit card, but that the account had been brought up to date and had been maintained well since. At the time of the lending Miss G was up to date on all of her accounts.

I acknowledge that Loans 2 Go specialises in lending to consumers with impaired credit ratings. So, I don't think Miss G's poor credit history would have given it any major cause for concern. But that doesn't mean they can ignore clear signs that a customer is struggling. Looking at the information available to Loans 2 Go there was no evidence that Miss G was struggling to manage her finances or that she was overly indebted. I appreciate that Miss G's representatives have pointed to payday lending taken in the two months before this lending decision. However, I must take into consideration the information available to Loans 2 Go at the time and I can't see that any information about recent payday lending was shared with it.

Although Miss G declared her expenditure on her application for the lending, Loans 2 Go also applied estimates for Miss G's regular living expenses using nationally recognised statistics. These are based on national averages – so inevitably some customers will spend more than the averages given and others less. This is an approach it's allowed to take under the relevant lending rules. But where there is other information that indicates a customer might be struggling, we may expect checks to go further. However, in Miss G's case, Loans 2 Go's checks using the ONS and CRA led it to adjust her declared figures for her income and expenditure to less favourable amounts. In other words, it used a lower figure for her income and a higher figure for her expenditure. This, in conjunction with the disposable income and the credit check, which didn't reveal any signs of financial difficulties, persuades me that the checks Loans 2 Go completed were reasonable. So, I'm satisfied it was fair for

Loans 2 Go to use ONS and CRA data, in addition to the other information it gathered about Miss G when considering the application.

So in summary, I've carefully considered the information that was available to Loans 2 Go at the time it made its lending decision. But I haven't seen anything that persuades me it ought to have done further checks before lending to Miss G. And I'm not satisfied that it should have known she wouldn't be able to sustainably repay the loan from the information available to it.

On the evidence available, I'm persuaded the checks Loans 2 Go completed were reasonable and proportionate to the credit it went on to approve. And I'm satisfied the decision to approve a loan of £750 was reasonable based on the information Loans 2 Go gathered about Miss G's circumstances. I'm very sorry to disappoint Miss G but overall, I'm not persuaded that Loans 2 Go created unfairness in its relationship with her as a result of its decision to lend.

Did Loans 2 Go act unfairly or unreasonably towards Miss G in some other way?

I can see that Miss G fell into arrears after making the first payment to the loan. Loans 2 Go contacted her about the arrears but when no further payments were made it defaulted the account in November 2019. In doing this it followed the process that I would expect and so I can't say Miss G was treated unfairly here. I can also see it received contact about an IVA for Miss G, and it agreed to be included.

I've thought carefully about all the evidence provided by each party. Having done so, I don't find that Loans 2 Go has acted unfairly in this case. I'm not persuaded that Loans 2 Go created unfairness in its relationship with Miss G by lending to her irresponsibly and I don't think Loans 2 Go treated Miss G unfairly in any other way based on what I've seen.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 29 September 2025.

Charlotte Roberts
Ombudsman