

## **The complaint**

Mr M, who is represented by a third party, says Loans 2 Go Limited ('Loans 2 Go') irresponsibly lent to him.

## **What happened**

Mr M applied for and was accepted for a loan with Loans 2 Go in September 2019. The amount borrowed was £1,000 and it was repayable over 18 months. The monthly repayments were £228.56 and the total repayable was £4,114.08.

Mr M also applied for and was accepted for a second loan with Loans 2 Go in May 2020. The amount borrowed was £886.30 and it was again repayable over 18 months. The monthly repayments were £202.57 and the total repayable was £3,646.26.

Mr M says Loans 2 Go ought to have carried out better checks before lending to him. Had they done so, he says they would have seen he was already in difficulty with his finances.

Loans 2 Go said it carried out appropriate checks before lending to Mr M. As they found each loan to be affordable, they say the lending decisions were fair.

Mr M therefore brought his complaint to this service.

Our investigator didn't uphold Mr M's complaint. He said for each loan Loans 2 Go's checks were proportionate and what they showed wasn't enough to suggest the loans might be unaffordable. And so Loans 2 Go hadn't lent unfairly.

As Mr M and those representing him have disagreed with this assessment, the complaint has been passed to me for an ombudsman's 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.

Our approach to unaffordable and irresponsible lending - including all the relevant rules, guidance and good industry practice - is set out on our website and I have followed it here.

Loans 2 Go is required to lend responsibly. So for each loan they needed to conduct checks to make sure that the credit offered to Mr M was affordable and that he was likely to be able to repay it sustainably. Such checks needed to be proportionate to things like the loan value it offered Mr M, how much he had to repay (including interest and charges) each month, his borrowing history with it and what it knew about his wider financial circumstances. But there is no set list of checks it had to do.

This means to reach my decision I need to consider if Loans 2 Go carried out proportionate checks at the time of each application. And if so, did it make a fair lending decision based on

the results of the checks. And if not, what better checks would most likely have shown.

I will therefore look at each loan agreement in turn.

#### *Loan 1 – September 2019*

I can see Loans 2 Go asked for certain information from Mr M. It asked about his employment status, income and typical spending. He said he received a monthly income of £2,000. This was found to be closer to £1,400 when Loans 2 Go verified his income, using an external credit reference agency.

The credit check Loans 2 Go then completed didn't show any recent adverse markings on his credit file, but it did show a several short-term credit agreements taken out in the recent past which look to have been settled. He was making loan repayments of £255 each month to pay off two loans totalling around £2,600.

Mr M also gave some information about his typical monthly spending on household costs, utilities food and transport. He also gave a figure of £50 for monthly credit commitments. Based on that Mr M looked to have around £1,650 in disposable income available each month.

However, based on the income and credit checks, Loans 2 Go gained a better idea of what he owed on credit. Loans 2 Go also made use of statistical data to see if Mr M was likely to have enough disposable income. Using this alongside the credit checks and what Mr M had already said was one way of establishing affordability.

I think all of this shows that Loans 2 Go carried out reasonable and proportionate checks. And having reviewed the information and evidence it gathered and checked against what Mr M had told them, I'm satisfied that the checks that were completed showed the agreement was likely to be affordable to him. I say this because the income verification and credit checks plus the affordability check using statistical data showed that Mr M had committed spending each month of around £975. So his disposable income was closer to £425.

Based on these checks, Loans 2 Go concluded that the loan was likely to be affordable and could be repaid sustainably. And the repayment figure left him with sufficient room to have a good level of disposable income. That means there would be some further income available to cover household costs and expenses or any discretionary spending that Mr M may have wanted to make.

For these reasons, I don't think Loans 2 Go acted unfairly when approving the first loan application.

#### *Loan 2 – May 2020*

For the second loan, I again see Loans 2 Go obtained from Mr M details about his employment status, income and typical spending. By now his net monthly income had gone up to £2,750. This time Loans 2 Go verified his income as being just under £2,200.

The credit check Loans 2 Go completed again didn't show any recent adverse markings on his credit file, but his credit commitment had increased so he now owed around £12,000 in credit, including his overdraft. So his monthly credit commitments looked to be around £600. I also see he'd taken out two short-term loans since his first Loan 2 Go agreement that had been settled.

Mr M also again gave some information about his typical monthly spending on household costs, utilities, food and transport. Here also he said he needed £450 each month for credit commitments – as I've said that was an underestimate. He also gave a figure of £50 for monthly credit commitments. Based on that Mr M looked to have around £1,675 in disposable income available each month.

Based on the income and credit checks and alongside the statistical data check, Loans 2 Go gained a better idea of what Mr M owed on credit and his overall level of monthly commitments, finding that he was likely to need around £1,700 each month by way of committed spending. So the new loan repayment of £202.57 still looked be affordable with sufficient disposable income to cover unforeseen spending and emergencies.

For these reasons, I don't think Loans 2 Go acted unfairly when approving the second loan application either.

Mr M and those representing him have suggested that the evidence of Mr M having taken out a significant number of credit agreements in the period before the first loan and some high-cost credit shortly before taking out the second loan. Given that the high-cost credit had been paid and closed and there wasn't notable evidence of payment issues with the other borrowing, I don't necessarily agree that this should have prompted Loans 2 Go to carry out further checks.

Loans 2 Go positions itself in the lending marketplace as a sub-prime lender and that's reflected in its lending terms. That said, it still needs to make fair lending decisions that are reasonable and proportionate, based on the checks it carries out. Whilst there isn't a set list of checks Loans 2 Go was expected to do, it needed to be assured that the level and cost of the lending could be sustainably repaid over the repayment period set out in the agreement. I think the checks carried out in Mr M's case did that. So, I would not have expected Loans 2 Go to do more.

Those representing Mr M have also referred us to the bank statements they sent us, covering the period before each loan was taken out. I agree with our investigator that Loans 2 Go didn't need to carry out further checks for each loan, such as requesting bank statements. I've briefly reviewed these in any event and find them consistent with what Loans 2 Go were likely to have already known about Mr M's financial circumstances. I would add that I don't consider Mr M's use of his overdraft, whilst obviously showing regular use, suggests his financial circumstances looked to be at risk of worsening.

I've also looked at what Loans 2 Go did by way of providing Mr M with help and support when he got into difficulty with repaying each loan due to changes in his circumstances. I can see that interest was waived on the first loan, a payment plan was agreed for the second one and a waiver of interest agreed again when the loan was settled. From what I've seen I think Loans 2 Go took prompt and reasonable steps to help and support Mr M.

It follows that, as I'm not persuaded that Loans 2 Go acted unfairly, I agree with our investigator that it doesn't need to do anything to put things right.

I've considered whether the relationship between Mr M and Loans 2 Go 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 M or otherwise treated him unfairly. 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.

**My final decision**

For the reasons I've given above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 September 2025.

Michael Goldberg

**Ombudsman**