

## **The complaint**

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

## **What happened**

Mr B applied for and was accepted for a loan with Loans 2 Go in November 2018. The amount borrowed was £320 and it was repayable over 18 months. The monthly repayments were £72.50 and the total repayable was £1,305.

Mr B 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 B. As they showed the loan was affordable, it says it made a fair lending decision.

Mr B therefore brought his complaint to this service.

Our investigator didn't uphold Mr B's complaint. She said Loans 2 Go's checks were proportionate and didn't show enough to have made it unduly concerned before agreeing the loan. And so Loans 2 Go hadn't lent unfairly.

As Mr B 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/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 it needed to conduct checks to make sure that the credit it offered to Mr B 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 B, 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 Mr B's application; if so, did it make a fair lending decision based on the results of its checks; and if not, what better checks would most likely have shown.

I can see Loans 2 Go asked for certain information from Mr B. It asked about his employment status, income and typical spending. It verified his declared income of around £1,550 using an external tool. It then looks to me that it used statistical data to work out his

committed spending each month, which was shown to be just over £1,300. This was higher than the figure of £1,006 set out in Mr B's application. This appears to be based on a breakdown of his committed spending on household, utility, food and transport costs, along with other credit commitments, plus some other regular expenses. Loans 2 Go therefore worked out that Mr B would have around £230 available as disposable income each month.

The credit check that Loans 2 Go then completed did show some adverse markings on his credit file. That's not unusual for a Loans 2 Go applicant given its positioning in the loans marketplace as a sub-prime lender. Mr B had a county court judgment against him from February 2017. He was also using short-term credit and he had agreed a payment arrangement with one lender.

Based on these checks, Loans 2 Go concluded that the loan was likely to be affordable and could be repaid sustainably.

I'm satisfied that all the checks that were completed showed that the agreement was likely to be affordable to Mr B on broadly the same basis. I say this because the loan repayments looked to be manageable over the loan repayment period. And the repayment figure left him with sufficient room to have disposable income left of around £150 – equivalent to around 10% of his monthly income. That means there would be some further income available to cover other household costs and expenses or some discretionary spending that Mr B may want to do.

Those representing Mr B have suggested that the evidence of an existing payment plan arrangement for a short-term loan on his credit check ought to have prompted Loans 2 Go to carry out further checks. I don't agree. As I've said, Loans 2 Go positions itself in the lending marketplace as a sub-prime lender and that's reflected in its lending terms. It still needs to make fair lending decisions that are reasonable and proportionate, based on the checks it carries out. There isn't a set list of checks Loans 2 Go was expected to do, but 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 B's case did that. I would add that the credit check appears to show the balance due to be £60. This looks to be supported by the repayments to this credit provider that are shown on the bank statements those representing Mr B sent into this service. But as things stood from the checks it carried out at the time, I would not have expected Loans 2 Go to carry out further checks.

I therefore think the checks were proportionate based on what Mr B had told Loans 2 Go and the information it had obtained about his financial circumstances.

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 B 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 B 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 B to accept or reject my decision before 23 May 2025.

Michael Goldberg

**Ombudsman**