

## The complaint

Mr R complains that Loans 2 Go Limited was irresponsible in its lending to him. He wants all interest and charges refunded along with 8% statutory interest and any adverse information regarding the loans removed from his credit file.

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

## What happened

Mr R was provided with two loans by Loans 2 Go.

Loan	Date	Amount	Term	Monthly repayments
1	April 2023	£500	18 months	£102.78
2	October 2023	£3,000	24 months	£236.00

Mr R said that Loans 2 Go didn't carry out adequate checks before the loans were provided to ensure that they were affordable. He said he had other debts outstanding at the time.

Loan 2 Go issued a final response to Mr R's complaint dated 17 May 2024. It said that when processing loan applications, it carried out checks to determine whether the personal and financial information provided by the applicant was accurate and reliable. It said that it used credit reference data to verify Mr R's declared income and assessed his credit history and external commitments. It calculated Mr R's disposable income using the information Mr R provided as well as data from the credit reference agencies and estimated his expenses based on third party data. It said that based on its checks the loans were affordable for Mr R.

Mr R referred his complaint to this service.

Our investigator thought the checks carried out before the loans were provided were proportionate. As these suggested the loans to be affordable for Mr R he didn't uphold this complaint.

Mr R didn't accept our investigator's view. He said the checks weren't proportionate given he was using around 90% of his income to service his debts.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

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 R was provided with two loans by Loans 2 Go and I have considered each lending decision separately.

#### *Loan 1: April 2023*

Mr R was provided with a £500 loan by Loans 2 Go in April 2023. The loan had a 18 month term and required monthly repayments of around £103. Before the loan was provided, Loans 2 Go gathered information about Mr R's employment and income and carried out a credit search. Mr R's declared income was checked using credit reference agency data.

Mr R declared that he was employed part time with a net monthly income of £4,000. Based on Loans 2 Go's check a net monthly income of around £2,461 was identified. The credit check showed that Mr R had no active county court judgements or recent defaults. He had other credit commitments outstanding totalling around £36,687 and he was up to date with his payments.

Given the size and term of the loan and the repayments compared to Mr R's verified income, and noting his credit report suggested he was managing his commitments without issue, I find these initial checks were proportionate. However, this doesn't necessarily mean that I think the loan should have been provided. To assess that I have looked at the information received through the initial checks to see if this should have raised concerns that meant further questions were needed or that the lending shouldn't have been provided.

Mr R declared amounts for his credit commitments, housing costs and living costs. These were checked against his credit report and third-party data and the highest number used in the affordability assessment. I find this approach reasonable. Mr R's costs for his existing credit commitments were identified as £760 and amounts of £500 and £698.80 were used for his rent and expenditure respectively. Deducting these amounts from Mr R's income left him with sufficient disposable income to cover the cost of the Loans 2 Go repayments as well as leaving funds for any other unexpected costs. Therefore, I do not find I can say that Loans 2 Go was wrong to provide this loan.

#### *Loan 2: October 2023*

Mr R's first loan with Loans 2 Go was settled when the second loan was taken out. His account history up to that point didn't raise any concerns. As part of the application process Loans 2 Go gathered information about Mr R's employment and income and carried out a credit search. Mr R's declared income was checked using credit reference agency data.

Mr R declared that he was employed part time with a net monthly income of £4,068. Based on Loans 2 Go's check a net monthly income of around £3,107 was identified. The credit check showed that Mr R had no active county court judgements or recent defaults. He had other credit commitments outstanding totalling around £33,371 and while he had missed a payment on one of his accounts around six month prior, he was up to date with his

payments. Based on this, I do not find that Mr R's credit check suggested he was struggling to manage his existing commitments.

The repayments were higher on loan two than loan one and the loan term longer. But noting the size and duration of the loan and the cost of the repayments compared to Mr R's verified income and given Mr R's credit report didn't raise any serious concerns, I find these initial checks were proportionate. However, this doesn't necessarily mean that I think the loan should have been provided. To assess that I have looked at the information received through the initial checks to see if this should have raised concerns that meant further questions were needed or that the lending shouldn't have been provided.

Mr R said that he was paying 90% of his income to service his debt but this wasn't what was shown on his credit report. The report did show that Mr R's total outstanding credit commitments were around 90% of his annual income (based on the net monthly figure identified by Loans 2 Go) but I do not find this alone meant the lending shouldn't have been provided (I note the majority of the outstanding credit was for hire purchase agreements). Instead I have considered whether the checks showed the loan to be affordable for Mr R.

Mr R declared amounts for his credit commitments, housing costs and living costs. These were checked against his credit report and third-party data and the highest number used in the affordability assessment. I find this approach reasonable. Mr R's costs for his existing credit commitments were identified as £793 (around 26% of his net monthly income) and amounts of £400 and £1,270 were used for his rent and expenditure respectively. Deducting these costs from his income left him with sufficient disposable income to cover the cost of Loans 2 Go repayments as well as leaving funds for any other unexpected costs. Therefore, I do not find I can say that Loans 2 Go was wrong to provide this loan.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in some other way given what Mr R has complained about, including whether its relationship with him might have been viewed as unfair by a court 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 R 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 R to accept or reject my decision before 22 July 2025.

Jane Archer  
**Ombudsman**