

## The complaint

Mr L complains that Loans 2 Go Limited (Loans 2 Go) acted irresponsibly in providing him with personal loans because they were unaffordable for him.

## What happened

Mr L took out the following personal loans with Loans 2 Go:

Date	Amount of credit	Interest rate	Loan term	Monthly repayment
April 2023	£250	770% APR	18 months	£51.39
15 November 2024	£400	678.8% APR	18 months	£78.22
30 November 2024	£550	679% APR	18 months	£107.56

Mr L took out a further loan in July 2024, but this loan was cancelled and closed five days after the application was approved, and no interest was charged. So, our service hasn't considered Loans 2 Go's decision to approve this loan in detail.

In 2024, Mr L complained that Loans 2 Go had been irresponsible in lending to him. In its final response, Loans 2 Go said it thought it had acted fairly and reasonably. Mr L wasn't happy with Loans 2 Go's final response and referred the complaint to our service.

One of our Investigators considered the complaint and upheld it. Loans 2 Go didn't accept our Investigator's opinion.

As the case couldn't be resolved, it comes 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.

I've considered the relevant rules and guidance on responsible lending set by the FCA, laid out in the consumer credit handbook (CONC). In summary, these say that before Loans 2 Go lent it needed to complete reasonable and proportionate checks to satisfy itself that Mr L would be able to repay the loans in a sustainable way, without borrowing further elsewhere.

Loans 2 Go has explained that before it lent on each occasion, it considered the information Mr L had provided in his application, and information from a credit reference agency.

### **Loan 1 – taken out in April 2023**

The information from the credit reference agency showed no defaults or CCJs on Mr L's existing credit commitments. The information from the credit reference agency also showed that Mr L had opened eleven new lending products in the twelve months leading up to the application, two new credit card accounts in the six months. It also showed that one of Mr L's credit card accounts had been subject to an arrangement to pay for almost three years.

Loans 2 Go says that, in his application, Mr L declared his monthly income was £1,950. The account notes state that Loans 2 Go obtained two months' payslips (though it hasn't provided our service with copies), which showed Mr L received an average monthly wage of £1,965.

Loans 2 Go has also provided information about its estimates of Mr E's essential expenditure. It's not clear whether these figures were provided by Mr E in the application, or are based on other sources such as ONS data.

The total estimated expenditure Loans 2 Go provided in its business file is £825. However, in its final response letter, it gives a total estimated expenditure of £1,371.40. I haven't seen a breakdown of the higher figure, nor confirmation of where those figures were sourced from. Loans 2 Go therefore considered that Mr L had monthly disposable income of around £579.

On balance, I think Loans 2 Go conducted proportionate checks – given the relatively low proposed amount of credit and monthly payment. But, I think Loans 2 Go should have questioned why, if Mr L had a disposable income of around £579 a month, one of his credit cards was subject to an arrangement to pay, and he was looking to borrow £250 over an 18-month period. Loans 2 Go had a duty to ensure not only that the monthly loan payments were affordable, but sustainably affordable for Mr L – without him needing to borrow further elsewhere.

I think it was clear from Mr L's credit file that his current borrowing levels weren't sustainable for him, given he was in a long term arrangement to pay, and given how much new borrowing he had taken out in the year prior to the application. Accordingly, I don't think Loans 2 Go should have granted this loan application.

### **Loans 2 and 3 – taken out November 2024**

Given the short period between the dates these two loans were drawn down, I've considered Loans 2 Go's lending decisions together.

On each occasion, the information from the credit reference agency showed no defaults or CCJs on Mr L's existing credit commitments. The information from the credit reference agency also showed that Mr L had opened 11 new loans in the 12 months leading up to the application. It showed that Mr L had three loans still open at the time of the application, and one of those loans was one month's payment in arrears.

The information from the credit reference agency also showed that Mr L had also taken out 3 new credit card accounts in the preceding 12 months, and was utilising around 93% of his available credit.

Loans 2 Go says that, in his applications, Mr L declared his monthly income was £2,150 (though some of the screen shots it has provided show an annual income of £0), and that he was still working for the same employer. Loans 2 Go says that it verified that Mr L received a minimum of £1,913.67 and £1,875.31 for each application respectively using an online income verification tool.

Loans 2 Go hasn't provided any evidence that it conducted checks using an online income verification tool, nor what those checks showed. So, it's not clear whether Loans 2 Go means the tool indicated that Mr L was receiving less income than he'd declared, or if it means that Loans 2 Go looked to verify the lower amounts (as that was the income it considered Mr L needed to afford the loans based on its estimates of his expenditure).

In any case, I'm mindful that current account turnover includes all incoming funds to an account, and not just a consumer's salary.

Loans 2 Go has also provided information about its estimates of Mr L's essential expenditure. It's not clear whether these figures were provided by Mr L in the applications, or are based on other sources such as ONS data.

The total estimated expenditures that Loans 2 Go provided in its business file were £1,090 and £1,060. However, in its final response letter, it gives a total estimated expenditure of £1,620.35 and £1,552.65. From the account notes, this appears to include £630.35 towards his existing credit commitments for loan three. Loans 2 Go considered that the new monthly loan payments were sustainably affordable for Mr L.

On balance, I think Loans 2 Go conducted proportionate checks – given the relatively low proposed amount of credit and monthly payments. But, I think it was clear from Mr L's credit file that his current borrowing levels weren't sustainable for him, given how much new borrowing he had taken out in the year prior to the applications. I don't think Loans 2 Go should have considered that the new loan payments would be sustainably affordable for Mr L, without borrowing more elsewhere. Accordingly, I don't think Loans 2 Go should have granted these loan applications.

### **Putting things right**

My final decision is that I uphold this complaint. To resolve things, Loans 2 Go Limited should:

- Remove all interest, fees and charges applied to each loan from the outset. The payments Mr L has made should be deducted from the new starting balances – the amount originally lent;
- If this results in Mr L having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement)\*. Loans 2 Go Limited should also remove all adverse information regarding this account from Mr L's credit file.
- If any capital balance remains outstanding, then Loans 2 Go Limited should arrange an affordable and suitable payment plan with Mr L. Once Mr L has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

I've also considered whether the actions of Loans 2 Go Limited have meant there's an unfair relationship between it and Mr L. However, I'm satisfied the redress I've directed above results in fair compensation for Mr L in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

*\*HM Revenue & Customs requires Loans 2 Go Limited trading as SFL to deduct tax from any award of interest. It must give Mr L a certificate showing how much tax has been taken*

*off if he asks for one.*

### **My final decision**

My final decision is that I uphold this complaint. To resolve things, Loans 2 Go Limited should take the steps I've outlined above.

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Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 October 2025.

Frances Young  
**Ombudsman**