

The complaint

Miss F complains Loans 2 Go Limited (L2G) lent to her irresponsibly when they approved her application for a loan.

What happened

Miss F complains L2G lent to her irresponsibly when they approved the following loan:

Date	Amount of credit	Interest	Loan term	Monthly repayments
21 June 2021	£1,100	£2,85.52	24 months	£132.73

L2G investigated Miss F's concerns and issued their final response. L2G explained they'd lent to her responsibly and didn't uphold Miss F's complaint. Miss F remained unhappy, so she brought her complaint to our service.

After reviewing everything, our Investigator didn't think Miss F's complaint should be upheld. She explained she felt L2G should have carried out additional checks before approving Miss F's loan. But even if they had, those additional checks would have shown the loan was affordable.

Miss F disagreed with our Investigator and asked 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.

Having considered everything, I'm not upholding Miss F's complaint. I'll explain my reasoning below.

L2G needed to ensure they didn't lend irresponsibly. In practice, this means they needed to carry out proportionate checks so they could understand whether Miss F could afford to repay the loan before approving her application. Our website sets out what we think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information they gather and what they do to verify it – in the early stages of a lending relationship.

However, we might think a lender needed to do more if, for example, the borrower's income was low, or the amount lent was high. And the longer the relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulties.

Miss F applied for her loan in June 2021. When doing so she declared her income to be £1,200 per month, and essential expenditure to be around £440. Before lending to Miss F, L2G used the information she'd shared with them alongside what they'd gathered from their credit checks. Those checks indicated Miss F's monthly income was around £1,140 and

showed she had just over £3,000 of external debt. However, I can't see their credit checks reported any negative markers, such as missed payments, defaults, or County Court Judgements.

Based on what L2G's checks found, they estimated Miss F's monthly expenditure to be £887.99. So, after her £132.73 loan payment, Miss F would be left with a disposable income of around £119. So, they felt the loan was affordable.

L2G's checks also showed Miss F had opened a new credit card and current account the month before applying for this loan. So, if this was considered alongside the difference in her declared income and that verified by their checks - and the amount of unsecured debt she held, I do think L2G should have asked more questions to determine if the loan would be affordable.

I think it would have been prudent for L2G to have at least spoken to Miss F to have a better understanding of her income and expenditure. For me to determine what Miss F would have likely declared, I've reviewed her bank statements for the three months prior to the loan application.

Having reviewed Miss F's statements, I've seen she was working and receiving a student maintenance loan. Over those three months, her average monthly income (from both sources mentioned) totalled £1,431.39. I've also calculated her monthly essential spend (rent, food, petrol, insurance policies, phone bill) and this came to approximately £754.50. So, this would have resulted in L2G's checks showing she had a monthly disposable income of £676.88 – which is higher than the figures their checks had suggested. In turn, this would have left Miss F with a disposable income of £544.15.

Had L2G carried out the further checks I've mentioned, I still think it would have resulted in them deciding the loan was affordable as she had sufficient disposable income to live and repay her existing credit commitments. I've taken on board what Miss F has said about her use of the overdrafts she had on her current accounts. But given this was the start of her lending relationship with L2G and the results of their checks, I don't consider it would have been proportionate for them to have reviewed her statements before making a lending decision.

I know this will come as a disappointment to Miss F, but for the reasons I've explained above, I don't think L2G treated her unfairly when they approved her loan. So, I won't be asking them to do anything further to put things right.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think L2G lent irresponsibly to Miss F or otherwise treated her unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I'm not upholding Miss F's complaint about Loans 2 Go Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 10 July 2025.

Sarrah Turay
Ombudsman

