

The complaint

Ms M complains that Loans 2 Go Limited (“Loans 2 Go”) sold her loan account to a debt purchaser without informing her and provided her with unclear information about her account balance.

What happened

Ms M held a loan account with Loans 2 Go. The account fell into arrears and Loans 2 Go sent Ms M a Default Notice in May 2022. The account was defaulted in June 2022 and Ms M subsequently entered into a Debt Management Plan.

In March 2024, Loans 2 Go sold the account to a debt purchase business which I'll call P. Ms M says she wasn't informed of this at the time. She says that the sale of the account was mentioned by Loans 2 Go for the first time in April 2024. This was in its written response to a complaint which Ms M had made in February 2024. (That complaint was about other issues which I'm not looking at here.) At around the same time, Loans 2 Go sent Ms M a statement which showed the current arrears as £0.00. It also showed the account balance as £0.00, with an interest waiver having been applied on 19 March 2024.

Ms M raised a new complaint with Loans 2 Go in May 2024. She wanted to know why she hadn't been told the account had been transferred to a third party. And she wanted an explanation for why the statement showed nothing was due; she said this made her think the situation with the loan was sorted when in fact it wasn't.

Loans 2 Go said that its terms and conditions allowed it to transfer the account to a debt purchaser. But Ms M said that she hadn't been contacted by any third party. She said that the first time she heard of P by name was in June 2024, in an email from Loans 2 Go about her complaint. In a further email in July 2024, Loans 2 Go confirmed that P were now the account administrators. It provided contact details for P and encouraged Ms M to contact them for an update about her account.

Loans 2 Go acknowledged that the statement it had sent Ms M showed a zero balance. It said that the outstanding balance had been transferred to P. It said *“We will again apologise that this was not related to you in an informative manner however this does not mean that there is no longer a debt outstanding balance on your loan account.”*

Ms M wasn't happy about the situation and referred the complaint to this service. Loans 2 Go issued its final response in November 2024. It said that Ms M *“...would have been provided with correspondence...”* informing her that the debt had been sold to P. And that she *“would have also been provided with contact details”* for P.

In relation to the statement, Loans 2 Go said *“In order to prevent the same borrowing from appearing twice on a customer's credit file when a debt is sold to a third party, the account will show as closed by Loans2Go on the customer's credit file and the outstanding balance will show as a new account being opened with the debt buyer on the credit file. Therefore, whilst I agree that you may have identified the account balance showing as zero with Loans2Go, you would have also identified a new account being opened on your credit file by*

P.”

Ms M says she didn't hear from P directly until October 2024.

I issued a provisional decision on 16 May 2025 indicating my intention to uphold the complaint and direct Loans 2 Go to pay compensation of £150 to Ms M. Ms M accepted the provisional decision. Loans 2 Go did not. It provided a Notice of Assignment which it said was sent to Ms M at the time her account was sold.

This Notice was a letter dated 11 April 2024 addressed to Ms M. It was on the headed notepaper of a business which I'll call N. The letter said that Ms M's account had been passed to N by P. It asked Ms M to get in touch about her account. I asked Ms M about the letter. She said she never received it. But she confirmed that she had seen it before, only because P had sent her a copy by email in November 2024.

I'm now making a final decision about this complaint.

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 thought about the letter from N which Loans 2 Go provided for the first time recently. I don't think this letter alters the position, and I haven't seen anything else which changes my mind about the outcome of this complaint. So I'm going to uphold it, as indicated in my provisional decision. My reasons are set out below.

Firstly, I find that Ms M's loan account was sold to P on 19 March 2024. The terms and conditions of the account (which Ms M agreed to when she opened the account) allowed Loans 2 Go to do this. I haven't seen anything which makes me think it acted unreasonably in doing so here.

I find that Loans 2 Go did not inform Ms M of the sale to P at the time. Loans 2 Go says that correspondence about the sale would have been sent by P. The Financial Conduct Authority's Consumer Credit Sourcebook (CONC) sets out rules and guidance for the treatment of customers in relation to consumer credit. Where a lender assigns its rights to another firm (as Loans 2 Go did here), CONC 6.5.2 requires the assignee to arrange for notice of this to be given to the customer. So, P was required to give notice to Ms M that it had taken over her account.

I understand that Ms M has raised a complaint with P. But this complaint relates to Loans 2 Go, so I'm only looking at the actions of Loans 2 Go here to decide whether it acted fairly and reasonably.

Although, under CONC, the onus may have been on P to give Ms M notice of its purchase of her account, I don't think it necessarily follows that Loans 2 Go didn't need to tell her about it.

Loans 2 Go's own notes from the time of the sale confirm that Ms M should be provided with P's details and advised to contact P directly. This didn't happen. Loans 2 Go wrote to Ms M in early April 2024, soon after the sale of the account, to respond to her original complaint. That letter referred to a statement which it said didn't include any payments that she may have made to the debt buyer. This was the first mention of a debt buyer and no explanation was offered. Later in the letter, Loans 2 Go said "*Whilst it is unfortunate that the debt was sold, I can assure you that the decision was taken to sell the account as a last resort...*" This

was the first time Loans 2 Go told Ms M that it had sold her account. But it didn't tell her who it had been sold to or provide any details. I don't think that was reasonable.

Despite further communication from Ms M, from which it was clear that she didn't know who the account had been sold to, I find that it was not until 3 July 2024 that Loans 2 Go confirmed the position. It sent Ms M an email which confirmed that the account had been transferred to P on 19 March 2024 and that they were now the administrators of the account. Loans 2 Go provided contact details for P at this point and encouraged Ms M to contact them for an update about her account. This information should have been provided earlier.

In relation to the statement which Loans 2 Go sent Ms M in April 2024, it's not disputed that this showed a zero balance on the account. There was nothing on the statement to indicate that the account had been transferred to a third party. It showed that an interest waiver had been applied, bringing the balance to zero. Ms M says this led her to believe that the situation with her loan was resolved. I can understand why she might have thought that, particularly as she had been in discussion with Loans 2 Go about the amount of interest due.

CONC 7.4.2 states that, where a lender decides to stop pursuing a customer in respect of a debt and the debt continues to exist, the lender must ensure that the continuing existence of the debt and the possibility of the customer being pursued by another firm who purchases the debt is explained in clear terms to the customer. I don't think that happened here.

CONC 7.3.13A requires firms to make available to customers who are in arrears or default, timely, clear and understandable information which, among other things, is sufficient to enable them to understand their financial position in relation to their debt, including how it is reported to their credit file and is sufficient to enable them to understand their options in relation to their debt. I don't think Loans 2 Go met this standard here.

The lack of information about the sale of the account together with the statement showing that nothing was due meant that Ms M did not have clear information about her debt or her options at that time. Whilst I don't think it would have been reasonable for her to assume that her entire debt had been written off, I don't think the situation was clear on the basis of the communications from Loans 2 Go.

I don't think the position was clarified until July 2024, when Loans 2 Go explained that the interest waiver had been applied on the date the loan was sold to P, meaning that the outstanding balance had been transferred to P and was still owing.

In terms of the credit file impact, this was explained in Loans 2 Go's final response letter. But it should have been explained before. The final response wasn't sent to Ms M until November 2024, but the account had been sold in March 2024.

As I explained above, I'm not looking at the actions of P. But, on the evidence provided here, P's first communication to Ms M was in October 2024. I've seen an email chain between P and Ms M and I'm satisfied that she saw the letter from N (on which Loans 2 Go now relies) for the first time in November 2024. I think it was clear from Ms M's dealings with Loans 2 Go from around May 2024 onwards that she didn't know who her account had been sold to and hadn't heard from any third party. So, I don't think the letter from N changes anything here in terms of Loans 2 Go's involvement and whether it acted fairly and reasonably.

In conclusion, I find that Loans 2 Go was entitled to sell Ms M's account. But it should have communicated the impact of this to her clearly. The fact that it didn't do so caused confusion, distress and inconvenience to Ms M. She had to pursue this complaint in order to find out who her account had been sold to and obtain an explanation for the statement which indicated there was nothing outstanding. This information could have been provided to Ms M

quickly and easily at the outset. The fact that it wasn't meant that Ms M's lack of clarity about her debt was unnecessarily prolonged.

I think Loans 2 Go should pay Ms M some compensation to reflect this. I think £150 would be a fair amount in the circumstances.

My final decision

For the reasons above, I uphold this complaint. Loans 2 Go Limited should pay compensation of £150 to Ms M.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 18 July 2025.

Katy Kidd
Ombudsman