

The complaint

Mr G says Loans 2 Go Limited ('Loans 2 Go') irresponsibly lent to him.

What happened

Mr G applied for and was accepted for a loan with Loans 2 Go in January 2024. The amount borrowed was £1,000 and it was repayable over 18 months. The monthly repayments were £205.56 and the total repayable was £3,700.08.

The loan went into default in April 2024 due to unpaid arrears. In July 2024 the sum outstanding was sold to a third party.

Mr G 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 say they carried out appropriate checks before lending to Mr G. As those checks showed the loan was affordable, it says it made a fair lending decision.

Mr G therefore brought his complaint to this service.

Our investigator didn't uphold Mr G's complaint. Although he thought that Loans 2 Go could have carried out better checks before lending, the amount of available information we had about Mr G's financial circumstances meant that he wasn't able to make a finding that Loans 2 Go acted unfairly in agreeing to lend to Mr G.

As Mr G doesn't agree 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 they needed to conduct checks to make sure that the credit offered to Mr G 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 offered to Mr G, how much he had to repay (including interest and charges) each month, his borrowing history and what Loans 2 Go knew about his wider financial circumstances. But there is no set list of checks they had to do.

So, to reach my decision I need to consider if Loans 2 Go carried out proportionate checks at the time of Mr G'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 G. They asked about his employment status, income and typical monthly spending. They used an external credit reference agency tool to verify his declared level of income. Mr G declared a monthly income of £3,200. This was verified, but only to the extent that he received a minimum monthly income of £1,445 – a significant disparity between what he'd said. Mr G has said that this was because his former partner had completed the application form and put down their combined income. Unless this was flagged to Loans 2 Go by Mr G, I couldn't have expected them to know this. I've also seen that Mr G says his monthly income varies each month between £1,200 and £1,400.

In terms of spending, alongside what Mr G had declared in his application, Loans 2 Go used statistical data to work out his committed spending each month. Here, where there's a discrepancy between what Mr G said and the statistical information where his application stated a higher sum, Loans 2 Go says it used the higher amount. On that basis, Mr G's committed monthly spending was taken to be around £920. That was based on £421 being allowed for essential household spending, £400 on rent and £98 being spent on other outstanding credit. I should add here that I've seen Mr G says he was paying at least £1,500 in rent each month. That wasn't what was said on the application and it's not something that was produced by the statistical analysis, so Loans 2 Go couldn't know it was at this level at that point.

The credit check Loans 2 Go then completed showed up some adverse markings on Mr G's credit file. He'd had a default in the previous 12 months, and he also had some arrears elsewhere. Notably, the relevant accounts had all been brought up to date, which is a positive sign. Also, issues of this nature aren't unusual for a Loans 2 Go applicant given its positioning in the loans marketplace as a sub-prime lender. Nevertheless, Loans 2 Go still had to carry out checks that were reasonable and proportionate.

Whilst Loans 2 Go concluded that, based on these checks, the new loan was likely to be affordable to Mr G and could be repaid sustainably, I have a concern that flows from the significant disparity between what Mr G said on his application about his income and what Loans 2 Go found when using the credit reference agency income check. I also agree with our investigator that the issues with Mr G's credit history argue for the need to carry out better checks to ensure that Mr G's wider financial situation didn't show him to be at risk of further deterioration in his financial circumstances. I think it therefore would have been proportionate for Loans 2 Go to have got a more thorough understanding of Mr G's financial circumstances before agreeing to the new loan.

Our investigator has asked Mr G for some further details and evidence about his financial circumstances at around the time he made the application. This is to help us to understand what, if anything, Loans 2 Go might have found out if it completed reasonable and proportionate checks. However, Mr G hasn't provided sufficient information to help us to decide whether or not Loans 2 Go made a fair lending decision. I recognise that there are reasons for this which Mr G has told us about. Unfortunately, though, without sufficient evidence to show or suggest that Mr G's financial situation was such that he would be unable to afford to repay the new loan on a sustainable basis, I can't make a finding in his favour. I appreciate this will be frustrating for him. As I don't think Loans 2 Go acted unfairly, I don't think they need to do anything to put things right.

I've also thought about whether Loans 2 Go ought to have done more to support Mr G when he got into difficulties with meeting the repayments soon after the loan started. I see Loans 2 Go agreed a payment holiday for one month on 24 February 2024. Mr G didn't get in touch with Loans 2 Go once that ended as they had requested, and so the account

remained in arrears. From what I've seen, without Mr G making contact with Loans 2 Go it's difficult to see what further steps it could take to help and support him.

I am sorry to have to disappoint Mr G, especially in view of the difficult circumstances he's told us about. But having considered all the available evidence and information, especially from the time of the lending decision, I haven't found sufficient evidence to uphold this complaint.

I've also considered whether the relationship between Mr G 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 G 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 G to accept or reject my decision before 17 October 2025.

Michael Goldberg
Ombudsman