

The complaint

Loans 2 Go Limited provided Miss B with a £2,000 loan, with a 24-month term, in December 2021. It had a 320.0% APR, and the monthly repayments were £269.33. Miss B says the loan was provided irresponsibly.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Miss B's case.

I've decided the loan wasn't provided fairly because:

- I think the checks Loans 2 Go did before providing the credit were reasonable and proportionate given the credit limit it offered and what it knew about Miss B's financial situation.
- Based on the information Loans 2 Go gathered and what it knew about Miss B's circumstances, I think it should have realised Miss B was likely to be unable to sustainably repay what she was being lent.
- The information showed Miss B should have had sufficient disposable income to afford the loan based on the income and expenditure she declared. However, they also carried out a credit check that showed Miss B was exceeding her overdraft limit. It also indicated Miss B was one month in arrears in two of the three loans she'd taken out in the nine months prior.
- Loans 2 Go had sufficient information that suggested Miss B was becoming reliant on credit and struggling to manage her existing credit accounts. So, I don't agree with its assertion that the checks showed the loan was unlikely to cause Miss B harm. I consider the information suggested the opposite.

This means I don't think Loans 2 Go should have provided the loan to Miss B.

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Miss B in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I don't think Loans 2 Go ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Miss B should pay back what she borrowed. Therefore, Loans 2 Go should:

Add up the total repayments Miss B has made and deduct these from the total amount of money Miss B received.

a) If this results in Miss B having paid more than she 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 should also remove all adverse information regarding this account from Miss B's credit file.

b) If any capital balance remains outstanding, then Loans 2 Go should arrange an affordable and suitable payment plan with Miss B. Once Miss B has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

† HM Revenue & Customs requires Loans 2 Go to take off tax from this interest. Loans 2 Go must give Miss B a certificate showing how much tax it's taken off if she asks for one.

My final decision

My final decision is that I'm upholding Miss B's complaint and Loans 2 Go Limited must put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 7 January 2026.

Sarrah Turay
Ombudsman