

## **The complaint**

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

## **What happened**

Mr G took out a loan for £250 from Loans 2 Go on 17 July 2024. The monthly repayments were £48.89 and the total repayable was £880.

Mr G says proper checks were not conducted before granting the loan. He was already in financial difficulties.

Loans 2 Go says it completed proportionate checks before lending to Mr G that showed he had enough disposable income to take on the loan.

Our investigator did not uphold Mr G's complaint. She said the lender's checks were not proportionate, but better checks would have shown the loan to be affordable for Mr G so the lending decision was fair.

Mr G disagreed with this assessment and asked for an ombudsman's review. He said, in summary, he had multiple other credit accounts when he applied; he was in arrears on his utility bills; he was in a cycle of debt having opened 20 accounts in 2024; this loan made things worse, especially with its high interest rate; other lenders have upheld his complaints; and the time lag in reporting means his financial difficulties may not have been apparent from the lender's credit check.

## **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/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. Having carefully thought about everything, I think that there are two overarching questions that I need to answer in order to fairly and reasonably decide Mr G's complaint. These two questions are:

1. Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Mr G would be able to repay the loan without experiencing significant adverse consequences?

- If so, did it make a fair lending decision?
- If not, would those checks have shown that Mr G would've been able to do so?

2. Did Loans 2 Go act unfairly or unreasonably in some other way?

The rules and regulations in place required Loans 2 Go to carry out a reasonable and proportionate assessment of Mr G's ability to make the repayments under this agreement. This assessment is sometimes referred to as an affordability assessment or

affordability check.

The checks had to be borrower focused – so Loans 2 Go had to think about whether repaying the loan would cause significant adverse consequences for Mr G. In practice this meant that business had to ensure that making the payments to the loan wouldn't cause Mr G undue difficulty or significant adverse consequences. In other words, it wasn't enough for Loans 2 Go to simply think about the likelihood of it getting its money back, it had to consider the impact of the loan repayments on Mr G.

Checks also had to be proportionate to the specific circumstances of the loan application. In general, what constitutes a proportionate affordability check will be dependent upon a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, and any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they are seeking. Even for the same customer, a proportionate check could look different for different applications.

In light of this, I think that a reasonable and proportionate check ought generally to have been more thorough:

- the lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the higher the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the greater the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr G's complaint.

Loans 2 Go has provided evidence to show that before lending it asked for some information from Mr G. It asked for his monthly income, expenses and employment status. It completed an income verification check with a third-party and checked his living costs against national averages. As a result, it reduced his declared income and increased his declared expenses. It carried out a credit check to understand his credit history and existing credit commitments. Based on these checks Loans 2 Go concluded the loan would be affordable for Mr G..

I think these checks were initially proportionate given the term and value of the loan, and the size of the monthly repayment relative to Mr G's verified income. But as the results of the credit check showed Mr G had opened six accounts in 2024 and was over or close to his limit on some of his cards and overdraft I think Loans 2 Go ought to have made its decision using Mr G's actual income and fixed expenses.

Loans 2 Go used a net monthly income figure of £1,906.57 and total fixed outgoings (housing, living and credit costs) of £1,632.59 in its assessment. I have extracted the relevant numbers from his bank statements and they show his actual income was higher (£2,484) than the data the lender used and his outgoings were lower (£1,545.86). So, it would have been reasonable for Loans 2 Go to make the same lending decision had it used actual data in its affordability assessment.

Mr G was not over indebted – he had £5,018 of active debt that was all up-to-date, including his utilities accounts. I note Mr G sent in evidence of his arrears at the time, but I can only fairly expect Loans 2 Go to respond to the information on the credit check it completed.

There can be differences between a lender's checks and what a consumer can see on their full report for a number of reasons. For example, there can be timing lags or not all lenders report to all the credit reference agencies. I note Mr G had one default on his file but this was historic (2019) and not a reason not to lend given its age and the low value of this application.

Mr G said he had opened 20 accounts in 2024 so it was clear he was in a cycle of debt. But Loans 2 Go's checks in July did not show this. It would seem his use of credit accelerated in the second half of the year. The credit check did show Mr G was using credit but it was largely well-managed. His total monthly repayments - including this new loan - came to just over 25% of his income, a level that I think it was reasonable for Loans 2 Go to conclude would be sustainable, particularly as around two thirds of that was on a loan that would be paid off the following month.

It follows I do not think Loans 2 Go was wrong to lend to Mr G. To be clear, I am not doubting his testimony that he was struggling but from the level of checks I find to be proportionate in this case I cannot see Loans 2 Go ought yet to have been aware.

*Did Loans 2 Go treat Mr G unfairly in some other way?*

Mr G has said the very high interest rate made things worse for him. But both the pre-contract credit information and the credit agreement Mr G signed electronically set out the key terms including the interest rate, APR, term, monthly cost and total repayable. I accept the interest rate was high, but Mr G had to actively engage in the application process for his loan, so he had the opportunity to understand what he was agreeing to pay. I haven't seen anything which makes me think that Loans 2 Go treated Mr G unfairly or breached industry practice regarding interest charges.

Mr G mentioned other complaints he had made have been upheld by the lenders but I can only comment here on this case. We review each complaint on its individual merits and there can be a number of reasons why the same person will receive different complaint outcomes, either from lenders or this service.

I've also considered whether the relationship 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 in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

I am not upholding Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 28 October 2025.

Rebecca Connelley  
**Ombudsman**