

The complaint

Miss H complains that Loans 2 Go Limited (“L2G”) lent to her irresponsibly.

What happened

In January 2024, Miss H borrowed £1,500 from L2G; the money was to be repaid over a term of 18 months, with monthly repayments of around £300.

Immediately after taking the loan, however, Miss H began missing her repayments to L2G. In fact, she didn’t make any of the contractual repayments she’d agreed to make. In correspondence with L2G, she explained that she’d never been able to afford the loan. Over the next year or so, L2G and Miss H agreed and set-up several repayment plans. Then, in February 2025, Miss H raised a complaint about irresponsible lending; she said, in summary, that L2G hadn’t carried out appropriate checks to determine whether the loan she’d requested was affordable for her. In response, L2G defended its decision to provide the loan and said it had carried out suitable checks in the circumstances.

Miss H contacted this Service for an independent review, and an Investigator here looked at what had happened. Having done so, the Investigator didn’t think Miss H’s complaint should be upheld. In summary, the Investigator said:

- Overall, in the circumstances, L2G ought to have carried out further checks before agreeing to lend. That’s because the information it gathered, as part of the checks it *did* complete, suggested Miss H was having some trouble with another credit commitment elsewhere.
- Even if further checks had been completed, though, it’s likely L2G still would’ve lent to Miss H.
- Broadly, there wasn’t enough to have given L2G significant concern that Miss H might have been – or was likely to be at high risk of – experiencing financial difficulties. Even if, in reality, she was in such a position.

Miss H disagreed. She explained how her position was much worse than what L2G’s checks had uncovered. Miss H spoke of her borrowing arrears elsewhere; she told of how she’d lied to L2G to obtain the loan, how her income was very low, as well as how her employment ended, and she had a reliance on benefits.

Our Investigator reconsidered, but didn’t change their mind. In short, they reiterated how the information L2G did uncover, or likely would’ve uncovered through further checks, wouldn’t have shown the lending to be unaffordable. Miss H asked for an Ombudsman’s decision. So, as no agreement has been reached, her complaint has been passed to me to decide.

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.

At the outset, I'll say that I know, without doubt, just how strongly Miss H feels about what's happened here – and I'm truly sorry to read of the situation in which she finds herself.

There's no question she is, and has been, in a difficult financial situation. So, before I cover anything else, I'd certainly encourage Miss H to reach out to organisations which can provide support and advice; our Service will be happy to pass on contact details of such groups, and I know L2G has already done so.

Turning to the merits of Miss H's complaint, and to put things simply, when making a lending decision L2G needed to make sure that it didn't provide loans irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable; L2G had to do so with Miss H's specific circumstances in mind before providing any credit.

Our website sets out what we typically 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 it gathers and what it does to verify that information – in the early stages of a lending relationship.

That said, we might think a lender needed to do more if, for example, a borrower's income was low, or the amount lent was high. Additionally, the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Here, L2G has told us that it gathered details of Miss H's income – which it verified using a third-party report; it used Office of National Statistics ("ONS") data to help determine Miss H's day-to-day expenses, it carried out a credit check too, an affordability assessment, and used Credit Reference Agency ("CRA") data to build in Miss H's existing credit repayments. From what I've seen, the results of those checks painted a broadly stable picture of Miss H's finances. Recorded CRA data suggested Miss H's existing commitments were generally up to date; her verified income against her estimated outgoings showed she'd have enough disposable income to meet the repayments, and no County Court Judgements or Individual Voluntary Arrangements were recorded either. Indeed, there were some defaults – but these were historic, several years prior to this lending decision, and as such wouldn't have affected L2G's view here.

All of that said, there was something in Miss H's credit file which I think ought to have prompted L2G to go further before granting the loan. Specifically, Miss H was in arrears on a mail order account; she was over the limit on the same account too, which was set at a low level of £250. My view here then is that, because of the indication Miss H might've been struggling to some degree with a low-limit account, I think L2G should've taken steps to understand more about her committed essential expenditure – as opposed to relying on estimates.

At this point, I'll say I know Miss H's opinion is such that L2G ought to have carried out significantly detailed checks into her finances. But the fact is that there are no fixed checks that businesses must complete when reviewing an application for credit. The rules applicable at the time Miss H applied for her loan purely state that checks should be proportionate to the type of lending, and term of the loan. There's no requirement on a lender to review specific things such as bank statements, or wage slips, for example. So, I can't fairly say that L2G was wrong to not run those sorts of checks here; there was no regulatory requirement to do that, and given the broadly stable picture L2G's checks did portray, as well as it being the beginning of a new lending relationship, I don't think it would've been necessary for it to

do so.

In any case, while I'll reiterate that there wasn't an obligation for L2G to request current account statements, I've used them as a means of understanding what further checks might have revealed. In the three months prior to the lending decision, Miss H's account shows several incomings and outgoings; typical everyday expenses that one would expect to see, as well as her salary, benefit payments, and transfers to and from other accounts which she appears to hold or did hold at the time.

From what I've seen, in the months leading up to this lending decision, Miss H's income at the time outweighs – by a fair margin – her essential expenses for things like rent, utilities and general necessary costs like, for example, food shopping. Miss H will, no doubt, disagree with that, but it's crucial to remember that L2G could take both her salary and any benefits into consideration; it would've been entitled to rely upon the data available too, and it wouldn't have needed to know about *everything* she was spending.

Simply put, there was no requirement for it to forensically review her outgoings or current account conduct. Instead, if it had taken steps to understand more about her income and committed essential expenditure, then it would likely have only gathered details of the type of essential expenses I've referenced here – and that isn't a failing. I must keep in mind too that Miss H has said she wasn't truthful with L2G when she applied for the loan; it's likely then, I think, that she would only have declared essential outgoings if L2G had carried out more in-depth checks and asked her.

To summarise then, if L2G had carried out further checks at this point, I think it would've reasonably considered that Miss H was generally managing her finances and that she had sufficient disposable income; even if it was apparent that one other existing commitment wasn't up to date. On that basis, I can't fairly say its decision to lend here would've been different if it had carried out further review of Miss H's circumstances – or that it was irresponsible. That will, of course, significantly disappoint Miss H; that's entirely understandable, and I'm well aware her situation was much worse than it appeared. The fact is, though, that I can't use hindsight here. L2G was entitled to rely upon the information available *at the time*, and even if it had carried out more in-depth checks, for the reasons I've explained, I think it still likely would've lent to Miss H.

Looking at what's happened since the loan was granted to Miss H, it seems L2G has been trying to work with her – giving consideration for her circumstances – by arranging repayment plans. It's also provided Miss H details of organisations which can provide support and advice. Those actions all demonstrate a willingness to offer forbearance measures which is, of course, positive to see.

That said, I think it's very important for me to mention – and remind both parties here – that informal repayment plans aren't intended to be long term solutions. I'd emphasise to L2G that it must consider the long-term implications to Miss H of prolonged repayment plans, even if both parties are happy with such arrangements. This decision should in no way be taken as confirmation that Miss H's loan can't ever be defaulted, for example, or her debt written off, or indeed that repayment plans can perpetually continue. I'd surely encourage both parties to keep in regular contact, and stress that any action L2G takes be with Miss H's best interests in mind.

In closing, and to be clear, I'm not saying that Miss H wasn't – or isn't now – under financial pressure. It's just that here, in these circumstances, L2G didn't discover that; nor do I think it likely that L2G would have discovered that, even if it did carry out further checks. And that's something I don't consider a failing, for the reasons I've explained. Fundamentally, as with any complaint, the key point to remember here is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think L2G could have known – or ought to have known – that the payments for this loan were unaffordable at the time of lending. So, for the reasons I've already given, I can't fairly conclude that L2G acted irresponsibly or otherwise treated Miss H unfairly in relation to this matter; it follows that I don't uphold the complaint. 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

My final decision is that I don't uphold Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 17 October 2025.

Simon Louth
Ombudsman