

## **The complaint**

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

## **What happened**

Mr B took out a loan for £2,000 over 24 months from Loans 2 Go in November 2024. The monthly repayments were £269.33.

Mr B says he could not afford the repayments and has had multiple missed payments as a result.

Loans 2 Go says it carried out adequate checks that showed the loan would be affordable for Mr B.

Our investigator upheld Mr B's complaint. He said the lender's checks were not proportionate and had it completed better checks it would have learnt that the loan was not affordable for Mr B.

Loans 2 Go disagreed and asked for an ombudsman's review. It said Mr B was managing his existing credit well so there was no reason for it to ask for any further information.

## **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 approach to considering unaffordable and irresponsible lending complaints on our website including the key relevant rules, guidance and good industry practice. I've had this approach in mind when considering Mr B's complaint.

Loans 2 Go needed to take reasonable and proportionate steps to ensure that it didn't lend to Mr B irresponsibly. This means it should've carried out reasonable and proportionate checks to satisfy itself that Mr B could repay the loan in a sustainable way. These checks could take into account a number of things such as the loan amount, the repayment amount and Mr B's income and expenditure.

This means to decide this complaint I need to consider if Loans 2 Go's checks were proportionate; if so, did it make a fair lending decision; if not, what would proportionate checks most likely have shown; and finally, did Loans 2 Go act unfairly towards Mr B in some other way.

I've looked at the checks Loans 2 Go carried out. It asked for Mr B's income and verified this through one of the credit reference agencies. It sense checked his declared living and housing costs using national averages. It carried out a credit check to understand his credit history and existing credit commitments. From these checks combined it concluded Mr B had enough disposable income for this loan to be sustainably affordable.

I think these checks were initially adequate, but based on some of the results I find Loans 2

Go needed to do more to understand Mr B's income. I'll explain why.

Mr B declared he was self-employed with a net monthly income of £3,500, Loans 2 Go was only able to verify an income of £2,561.43 so there was a significant discrepancy. As it knew Mr B was self-employed and therefore likely to be susceptible to fluctuations in income I think it needed to better understand his actual average incomings before lending. Had it asked for proof of income it would have learnt that his average net monthly income (based on the last tax year) was £1,510. As it had estimated his outgoings (housing, living and credit commitments) to be £1,942 Loans 2 Go would have then realised that the loan was not affordable for Mr B.

It follows I think Loans 2 Go was wrong to lend to Mr B. I have not seen any evidence that it acted unfairly towards Mr B in some other way.

### **Putting things right**

It is reasonable that Mr B repay the capital he borrowed as he has had the benefit of that money. But he has paid interest and charges on a loan that should not have been given.

So Loans 2 Go must:

- Refund/remove all interest and charges and treat any repayments Mr B made as repayments of the capital.
- If this results in any overpayment this should be refunded to Mr B along with 8% simple interest (calculated from the date the overpayments were made to the date of settlement)\*.
- If this results in there being an outstanding capital balance Loans 2 Go must agree an affordable repayment plan with Mr B.
- Remove any adverse information from Mr B's credit file once any outstanding capital balance has been repaid.

\*If Loans 2 Go deducts tax from the interest element of this award, it should provide Mr B with the appropriate tax certificate so he can submit a claim to HMRC if applicable.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mr B in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

### **My final decision**

I am upholding Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 9 December 2025.

Rebecca Connelley  
**Ombudsman**