

The complaint

Mr H complains that Loans 2 Go Limited was irresponsible in its lending to him. He wants a refund of the interest and charges on his loan and for the remaining balance to be written off. Mr H also wants compensation for the stress and financial detriment he has been caused and for the loan to be removed from his credit file.

What happened

Mr H was provided with a £1,000 loan by Loans 2 Go in October 2023. The loan term was 18 months, and Mr H was required to make monthly repayments of £205.56.

Mr H said that adequate checks weren't carried out before the loan was provided and that the interest rate was too high.

Loans 2 Go issued a final response dated 6 May 2025. It explained that it used information Mr H provided in his application along with data from third parties to undertake credit and affordability checks. It said it verified Mr H's declared income and credit commitments using data from credit reference agencies and used other third-party data sources to estimate his other expenditure. Based on its checks it said the loan was affordable for Mr H.

Regarding the interest rate charged, Loans 2 Go said this had been applied to Mr H's loan in line with the agreement.

Mr H referred his complaint to this service.

Our investigator thought that the checks carried out before the loan was issued were proportionate and these suggested the loan to be affordable for Mr H. He noted the loan agreement included details of the interest rate being charged so Mr H should have been aware of this before he agreed to the loan. Based on this, he didn't uphold this complaint.

Mr H didn't accept our investigator's view. He explained that since taking out the loan his personal and financial circumstances have worsened and this loan had added further pressure. He said he was already struggling when he took out the loan, and this should have prompted further checks. Mr H said the loan wasn't affordable and was worsening his financial and emotional wellbeing.

Mr H provided further evidence to show his financial circumstances including arrears on accounts and explained that due to his visa restrictions he wasn't able to access public funds. He said his situation had become critical and he wanted the loan written off.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

I am very sorry to hear of the difficult circumstances Mr H is experiencing, and I do not underestimate the financial and emotional pressure he is under. But for me to uphold this complaint, I would need to be satisfied that Loans 2 Go was wrong to provide the loan based on the information available to it at that time.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

When assessing a complaint, I take all relevant rules, regulations and guidance into consideration, but my decision is based on what I consider fair and reasonable given the unique circumstances of the complaint.

Mr H was provided with a £1,000 loan with monthly repayments of around £206. While this isn't a large loan, the repayments were significant and required over 18 months and Loans 2 Go was required to carry out reasonable checks to ensure that the loan would be affordable for Mr H and that there weren't other reasons why the loan shouldn't have been provided.

As part of the application process, Loans 2 Go gathered information about Mr H's employment, income and expenses. Mr H declared he was employed full time with a monthly income of £2,400. He provided details of his costs for groceries, transport and other regular expenses which totalled £220 a month. Mr H's income was verified and a minimum monthly amount of around £1,419 was identified. A credit check was undertaken which recorded no county court judgments, recent defaults and showed Mr H's existing credit commitments to be up to date.

Noting the size of the loan and as the credit check didn't raise concerns, I think the checks carried out were proportionate. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loan should have been given. To assess that I have considered the outcome of Loans 2 Go's checks to see if these raised concerns that meant further information should have been gathered or the loan not provided.

Mr H's credit check showed he had total debts of around £2,037. I do not find this suggested he was overindebted compared to his verified income. Mr H's total debt was mainly accounted for by his overdrafts where he was £1 over his limit on one account but within his limit on the other. While making use of overdrafts could be a sign of financial difficulty, I do not find in this case this was enough to require further questions to be asked. Mr H's account history of his overdraft accounts showed no recent issues and his overall level of debt I don't think should have raised concerns. Therefore, I do not think that Mr H's credit results were a reason not to provide the loan.

I have then considered the affordability of the loan. I note that Mr H's family circumstances changed, and he became the sole earner in the household, and he had additional commitments due to his wife being pregnant. But I have to assess the affordability based on the information that it was reasonable for Loans 2 Go to have been aware of at the time. I have nothing to show that Mr H told Loans 2 Go about any financial or other issues he was experiencing or anticipated change to his circumstances. Therefore, I find it reasonable that Loans 2 Go will have relied on the information it received through its checks.

Looking at the affordability data received, Mr H's minimum monthly income was identified as

around £1,419. While Mr H declared costs of £220, Loans 2 Go calculated these to be around £973. Having reviewed Mr H's credit file and the other information available I do not find these costs unreasonable. Based on these figures, I do not find I can say that Loans 2 Go was wrong to find the loan affordable for Mr H.

Mr H has also complained about the interest rate on the loan. This is a high interest loan and I can understand why Mr H feels this has made his circumstances worse. But having looked through the loan agreement, this clearly sets out the interest rate, the monthly repayments and the total cost of the credit. So, I find that Mr H was given the information he needed to make an informed decision. Had he taken out the loan and then realised that he didn't agree to its terms, he could have withdrawn from the agreement within the first 14 days.

For the reasons set out above, I do not find I can uphold this complaint. I understand this decision will be disappointing for Mr H and I would urge him to seek further assistance if needed. Our investigator referred to organisations that could help Mr H and I would note that given the information Loans 2 Go is now aware of about Mr H's circumstances that it should treat him positively and sympathetically in regard to his outstanding balance.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship Mr H 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 to Go lent irresponsibly to Mr H 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

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 January 2026.

Jane Archer
Ombudsman