

The complaint

Mr C complains Loans 2 Go Limited trading as Loans 2 Go (Loans 2 Go) failed to carry out proper financial checks before approving a loan.

What happened

Mr C says Loans 2 Go approved a loan in April 2024 for £1,000 at a time when he was already under financial pressure. Mr C says Loans 2 Go failed to carry out thorough enough financial checks before it approved the loan and if it had it would have seen it was unaffordable. Mr C says the loan has led him into a spiral of debt which has affected his mental wellbeing and Loans 2 Go haven't helped his situation by demanding the repayment of the debt and sending him default notices.

Mr C wants Loans 2 Go to refund all interest on the loan account and remove any adverse information on his credit file.

Loans 2 Go says before it approved the loan it carried out stringent checks using credit reference agencies (CRA's) and other external sources to verify Mr C's income and expenditure. Loans 2 Go says those checks showed the loan was affordable and that there were no obvious signs of financial pressure at the time the loan was approved. Loans 2 Go says it showed considerable forbearance when it was informed of Mr C's change of financial circumstances, but the account fell into arrears when the payment plans were not met.

While Loans 2 Go says it was sorry to hear of the impact this has had on Mr C's mental wellbeing, it wasn't made aware of any such issues at the time the loan was granted.

Loans 2 Go says it doesn't agree the loan was lent irresponsibly.

Mr C wasn't happy with Loans 2 Go's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders must undertake but these should be borrower focused. The investigator felt from the information available, Loans 2 Go had carried out reasonable and proportionate financial checks before it approved the loan and had a good understanding at that time of Mr C's financial background.

The investigator says Loans 2 Go used recognised external sources to verify Mr C's average income and expenditure and from what he could see, apart from one example of a missed payment, there were no CCJ's or defaults to suggest Mr C was in any financial difficulty. The investigator felt overall Loans 2 Go carried out reasonable and proportionate checks, so sight of bank statements would not have been necessary.

The investigator felt following Loans 2 Go's affordability assessment, based on Mr C's declared income and expenditure, alongside industry standard external sources this showed the loan was affordable, so its decision to lend was fair.

Mr C didn't agree with the investigator's view and asked for the matter to be referred to an

ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to learn Mr C is suffering stress and anxiety that has affected his mental wellbeing, and that must be a source of worry for him. When looking at this complaint I will consider if Loans 2 Go acted irresponsibly when it approved a loan of £1,000 in April 2024 and if it has failed to provide any support to Mr C when it was made aware of his financial difficulties.

Mr C maintains Loans 2 Go failed to carry out thorough enough financial checks at the time the loan was approved in April 2024, and his bank statements at that time showed he had little income available to meet the new commitment. Furthermore Loans 2 Go failed to provide support to him after his financial situation changed and added further stress to his situation.

While I understand the points Mr C makes here, I'm not fully persuaded by his argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Loans 2 Go must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Loans 2Go what those checks must consist of, or from what sources those checks should come from.

Although Mr C has highlighted this loan was subject to a high interest rate, what is important here is, whether or not the loan was affordable at the time it was approved. From the information I have seen, Loans 2 Go relied not only on the declared income and expenditure Mr C entered in his application, but also from data collected from CRA's and other external recognised industry standard sources. This showed Mr C had a net monthly income of £1,225 and after all expenditure showed a net disposable income of £365 to meet the loan payments here of £205 per month.

I can see Loans 2 Go's checks also showed apart from one recorded missed payment in the previous six months leading up to the loan, Mr C had fairly modest external borrowing which had been reasonably well managed. So with that in mind I wouldn't have expected Loans 2 Go to have requested further information such as bank statements before approving the loan, and I am satisfied the checks it did undertake were reasonable and proportionate here.

Mr C unprompted, provided this service with copies of his bank statements for three months or so leading up to the loan approval. While these showed the account often reducing to close to zero each month as Mr C mentions, it was often used for what might be described as non-essential expenditure which is of course not uncommon, but not necessarily a sign of financial stress. But as I have mentioned, I wouldn't have expected in these circumstances for Loans 2 Go to ask for the bank statements, but even if it had, in all probability this wouldn't have changed its decision to lend here.

So taking everything into account, on balance I'm satisfied the loan looked affordable and sustainable and Loans 2 Go's decision to lend was fair, for the reasons I have already

mentioned.

I've also considered if Loans 2 Go failed to support Mr C after he informed them of his financial situation around October 2024, but from the information I have seen I am satisfied that isn't the case here.

Loans 2 Go have provided evidence to show it was in contact with Mr C regularly, asking if he needed support and to let them know if he was struggling, advising it wouldn't add further interest and charges, and to speak to them to avoid matters getting worse and affecting his credit record. While I can understand the regular email contact may have been upsetting for Mr C, I'm satisfied all Loans 2 Go were doing here was trying to place the account on a proper footing and avoid the situation escalating.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in some other way given what Mr C has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr C will be disappointed with my decision, I won't be asking anymore of Loans 2 Go.

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 C to accept or reject my decision before 16 December 2025.

Barry White
Ombudsman