

The complaint

Miss M complains that Loans 2 Go Limited (Loans 2 Go) acted irresponsibly in providing her with a personal loan because it was unaffordable for her.

What happened

Miss M took out a personal loan with Loans 2 Go in September 2022. The loan was for £250. The loan term was 18 months. The interest rate was 770% APR, and the monthly payment was £51.39.

In 2024, Miss M complained – via a professional representative – that Loans 2 Go had been irresponsible in lending to her. She said that the loan was unaffordable for her and was granted to her without consideration of her financial situation.

In its final response, Loans 2 Go said it thought it had acted fairly and reasonably. Miss M wasn't happy with Loans 2 Go's final response and referred the complaint to our service.

One of our Investigators considered the complaint and upheld it. He thought that Loans 2 Go had conducted proportionate checks, but that it should have considered that the loan wouldn't be sustainably affordable for Miss M. To resolve things, our Investigator recommended that Loans 2 Go refund all interest, fees and charges applied to the loan.

Loans 2 Go disagreed, so the complaint comes 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.

I've considered the relevant rules and guidance on responsible lending set by the FCA, laid out in the consumer credit handbook (CONC). In summary, these say that before Loans 2 Go lent it needed to complete reasonable and proportionate checks to satisfy itself that Miss M would be able to repay the debt in a sustainable way, without borrowing further elsewhere.

Loans 2 Go has explained that before it lent, it considered the information Miss M had provided in her application, and information from a credit reference agency.

The information from the credit reference agency showed no recent history of arrears on Miss M's existing credit commitments. It showed she had a default registered over four years prior to the application, and showed no county court judgments.

In her application, Miss M declared her monthly income was £895. Loans 2 Go used a tool from the credit reference agency to verify the income she'd declared. Loans 2 Go says that the tool confirmed that Miss M had received at least 90% of the income she'd declared into

her bank account in the previous 6-12 months.

In its final response letter, Loans 2 Go said it verified that Miss M received a minimum of £877.28. But it's not clear where this figure came from, and Loans 2 Go has provided no evidence that this figure was verified. Based on its explanation of the income verification tool it used, it seems that it could only say it had verified that Miss M was receiving an average of at least £805.50. I'm also conscious that the tool considered current account turnover – so all incoming funds to the account and not just income from salary or benefits.

Miss M declared her rent was £250 a month, and Loans 2 Go used ONS figures to estimate that her other essential monthly expenses were around £441.29. Miss M declared her payments to her existing credit commitments were £45 a month, which Loans 2 Go was able to confirm.

In total, Loans 2 Go estimated Miss M's essential monthly outgoings to be £736.29. That meant it thought she would be able to manage the new loan payment of £51.39 a month, and have £107.32 monthly disposable income.

But I'm conscious that, as I've outlined above, according to the verification checks Loans 2 Go carried out, Miss M's income may have been as low as £805.50. And if that was the case, that would mean that her disposable income (taking into account the new monthly loan payment) was just £17.82. So she wouldn't have had sufficient funds to cover any emergency expenses, particularly when considering her relatively low monthly income.

On balance, I think Loans 2 Go conducted proportionate checks. However, based on the information it found, I don't think it reasonably considered that the loan was sustainably affordable, and I don't think it should have lent.

Putting things right

My final decision is that I uphold this complaint. To resolve things, Loans 2 Go Limited should:

- Remove all interest, fees and charges applied to the loan from the outset. The payments Miss M has made should be deducted from the new starting balance – the amount originally lent;
- If this results in Miss M having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement)*. Loans 2 Go Limited should also remove all adverse information regarding this account from Miss M's credit file.
- If any capital balance remains outstanding, then Loans 2 Go Limited should arrange an affordable and suitable payment plan with Miss M. Once Miss M has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

I've also considered whether the actions of Loans 2 Go Limited have meant there's an unfair relationship between it and Miss M. However, I'm satisfied the redress I've directed above results in fair compensation for Miss M 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.

**HM Revenue & Customs requires Loans 2 Go Limited to deduct tax from any award of interest. It must give Miss M a certificate showing how much tax has been taken off if he*

asks for one.

My final decision

My final decision is that I uphold this complaint. To put things right, Loans 2 Go Limited should take the steps outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 November 2025.

Frances Young
Ombudsman