

## The complaint

Miss D complains that Loans 2 Go Limited irresponsibly provided her with a loan.

Miss D is supported in bringing this complaint by a representative. But, for ease, I'll refer to actions and submissions as being those of Miss D herself.

## What happened

Loans 2 Go provided Miss D with a loan in September 2022 for £250. She was due to repay the loan over a term of 18 months, and the total repayment amount was £925.08, which Loans 2 Go said would be a monthly amount of £51.39.

In summary, Miss D says the lending was unaffordable and this is evidenced by the fact she entered a Debt Arrangement Scheme (DAS) the month after she took out this loan.

Loans 2 Go reviewed the complaint but thought Miss D had been provided with the loan responsibly, and that the affordability assessments carried out were proportionate.

Miss D remained unhappy and brought her complaint to this service. An Investigator here reviewed matters, but they didn't think the complaint should be upheld. They thought Loans 2 Go's checks were proportionate and that the lending appeared to be affordable at the time.

So, they didn't think Loans 2 Go needed to take any action to put things right.

Miss D didn't agree with the Investigator's view. So, because an agreement wasn't reached, the case was passed to me to decide on the matter.

I previously issued a provisional decision on this case. That's because it was intention to come to a different outcome to the Investigator. Because of this, I wanted to give both parties the chance to respond with anything else they wanted me to consider before I came to my more formal outcome on the matter.

I have copied my provisional findings below, which also form part of this final decision.

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*The rules and regulations in place at the time Loans 2 Go provided Miss D with the loan required it to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.*

*The checks had to be 'borrower' focused. This means Loans 2 Go had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss D. In other words, it wasn't enough for Loans 2 Go to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss D.*

*Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Loans 2 Go did what it needed to before lending to Miss D.*

*The loan Loans 2 Go provided to Miss D in September 2022 was for £250. As part of its submissions, Loans 2 Go says it uses various sources, including its internal and external affordability checks, data from the Credit Reference Agencies (CRAs) and the consumer's declared costs to calculate affordability before deciding whether to lend.*

*Loans 2 Go says that Miss D recorded her monthly income as £1,750 on her application.*

*But, based on the check it carried out with the CRA, it appears her income was likely £1,515 per month. Loans 2 Go explained in its final response letter to Miss D that it considered her monthly expenditure to be £1,289. It isn't clear exactly how Loans 2 Go arrived at this figure – in its response to Miss D it's said that this is based on Office of National Statistics (ONS) data (which estimates average UK consumer expenditure), an extensive review of her application and information from the CRAs. I can also see that Loans 2 Go completed a credit check, which didn't show any recent adverse information, and it appeared Miss D had been managing her current credit well.*

*That being said, in the circumstances of this particular case, I think Loans 2 Go gathered enough information about Miss D's situation to show the lending was likely to be unaffordable for her. I say this because I think its checks (the income recorded with the CRA, £1,515; and the estimated expenditure it had recorded, £1,289) evidenced that Miss D wouldn't be left with much money once the loan repayments had been taken. And I can see from the credit check it completed, that Miss D was at the very end of her overdraft limit at the time she applied for the loan, which suggests that she was already struggling to manage financially. I have noted that Loans 2 Go disagrees with this, citing that the amount left over is sufficient. But in this particular case, I don't agree with Loans 2 Go. Loans 2 Go was aware from Miss D's application that she had two dependants, and I don't think what she was left over with each month, or week, would be enough in the event of unexpected expenses, especially when also considering that the loan term was for 18 months.*

*As Loans 2 Go provided Miss D with credit that it shouldn't have, I think it needs to take action to put things right for her."*

Loans 2 Go responded to say that it had taken into account Miss D's dependants when underwriting the loan – which equated to £266.57 per dependant. Loans 2 Go said I hadn't explained why a disposable income figure of £175 wasn't enough, and that the Financial Conduct Authority (FCA) hadn't provided details of acceptable disposable income rates. It added that there wasn't any indication of financial difficulty on Miss D's credit report, and so it didn't agree Miss D's complaint should be upheld.

Miss D on the whole agreed with the provisional decision, however, in her response she asked that the remainder of the capital balance be written off entirely. She referred to what happened when the debt was sold to a debt purchaser. And that the Information Commissioner's Office (ICO) had raised concerns about how her data had been handled by Loans 2 Go. She also said that there wasn't an option during the application process to let Loans 2 Go know that her financial situation was due to change in the future.

## **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 considered the responses from the parties carefully, it is still my decision to uphold Miss D's complaint, for much of the same reasons as set out in my provisional decision.

In response to Loans 2 Go's point, my provisional findings explain why I didn't think Miss D would have been left with enough disposable income. My provisional findings explain that I didn't think the amount Miss D would have left over was enough in the event of any unexpected expenses, when taking into account the term of the loan and the number of dependants Miss D had that she was supporting on her own; my view on this hasn't changed.

I have noted that Loans 2 Go had already made allowances for Miss D's dependants as part of its calculations, however, my view on Miss D's disposable income was in relation anything left for emergencies after any day-to-day expenses had been taken into account.

It is true that the FCA hasn't provided guidance on what would be considered acceptable disposable income. Because of this, I must consider what would be reasonable based on the individual circumstances of the case. And for the reasons I've already explained, I don't find that Miss D would have been left with enough each month to cover emergency spending.

My view on this is supported by what happened shortly after Miss D was provided with the loan, in that she entered into a DAS. While I accept that Loans 2 Go couldn't have known this would happen at the time it agreed to provide the loan, and this event doesn't form part of how I reached my view that the lending was unaffordable, I think it supports my view that Miss D didn't have enough disposable income each month, which resulted in her entering into the DAS.

While the credit information provided by Loans 2 Go doesn't show that Miss D had negative markers on her credit file, it did show that she was at the very end of her overdraft at the time she applied for the loan, which can be an indication of financial difficulties.

Overall, for the reasons I've explained, I don't think the loan was affordable for Miss D, and I'm persuaded that Loans 2 Go had gathered enough information about Miss D's situation to have been aware of this.

In response to Miss D's points, I won't be asking Loans 2 Go to write off the remainder of the debt. Ultimately, Miss D had the benefit of the capital, and so in the circumstances of this case, I'm of the view that she pays this back.

I have noted her comments around what happened with the debt purchaser, but I can't consider the actions of the debt purchaser in this decision, because my findings here relate to Loans 2 Go only. That being said, Loans 2 Go is entitled to transfer the ownership of a debt to a debt purchaser, and there isn't anything unfair or unreasonable about this.

I note that Miss D has also made reference to findings made by the ICO, I haven't had site of the ICO's report, so I don't think it would be fair for me to comment on this in this decision, in any event, my findings here relate solely to Loans 2 Go's lending decision.

I have considered everything Miss D said in response to the provisional decision, however, none of the issues raised lead me to the conclusion that it would be fair and reasonable for her debt to be written off in full.

## **Putting things right**

As I don't think Loans 2 Go ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the loan agreement. But I think Miss D should pay back the amounts she has borrowed. Therefore, Loans 2 Go should:

Add up the total repayments Miss D has made and deduct these from the total amount of money Miss D received.

a) If this results in Miss D having paid more than she 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 should also remove all adverse information regarding this account from Miss D's credit file.

b) If any capital balance remains outstanding, then Loans 2 Go should arrange an affordable and suitable payment plan with Miss D. Once Miss D has cleared the balance, any adverse information in relation to the account should be removed from their credit file.

If Loans 2 Go has sold the debt to a third-party, it should arrange to either buy back the debt from the third-party or liaise with them to ensure the redress set out above is carried out properly.

\* HM Revenue & Customs requires Loans 2 Go to take off tax from this interest. Loans 2 Go must give Miss D a certificate showing how much tax it has taken off if she asks for one.

I've 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 Miss D in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

## **My final decision**

For the reasons set out above, I uphold Miss D's complaint. Loans 2 Go Limited should put things right for Miss D by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 16 October 2025.

Sophie Wilkinson  
**Ombudsman**