

The complaint

Mr E complains that Loans 2 Go Limited acted irresponsibly in providing him with a personal loan because it was unaffordable for him.

What happened

Mr E took out a personal loan with Loans 2 Go in January 2022. The amount borrowed was £1,500. The loan term was 24 months, and the monthly payment was £202.

In 2024, Mr E complained – via a professional representative – that Loans 2 Go had been irresponsible in lending to him. He said that the loan had been unaffordable for him, and he didn't think that Loans 2 Go had completed thorough checks of his income and expenditure.

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

Mr E had also complained about an earlier loan he'd taken out with Loans 2 Go, which was settled about two weeks after being drawn down. He told our service he no longer wished to complain about that loan, so we have only considered the loan taken out in January 2022.

One of our Investigators considered the complaint and upheld it.

In summary, she said that she thought that Mr E was showing signs of being overly reliant on borrowing, as he'd taken out several short-term loans in the months prior to the application. So, she thought Loans 2 Go should have conducted further checks before lending. Mr E informed our Investigator that he was unemployed at the time he applied for the loan, and our Investigator thought that if Loans 2 Go had conducted further checks it would have found Mr E was living beyond his means and wouldn't have lent.

Loans 2 Go disagreed with our Investigator's opinion, so the complaint was passed to me to decide.

I issued a provisional decision. In summary, I said I thought that Loans 2 Go ought to have conducted further checks. But, based on the information available to me, I was unable to reasonably conclude that Loans 2 Go would have found that what Mr E had told it at the time about his income and employment was untrue. So I thought I couldn't reasonably say that it wouldn't have lent.

Mr E's representative disagreed with my provisional decision, so the case returns to me for 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.

I issued a provisional decision, in which I said:

"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 Mr E 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 Mr E had provided in his application, and information from a credit reference agency.

In his application, Mr E declared that his income was £2,500 a month, and that he was paid in cash. During our investigation, Mr E has told our service that he was unemployed at the time, and part of a gambling syndicate which ultimately failed to provide him with an income.

Loans 2 Go has explained that it used a tool from the credit reference agency, which uses current account turnover to verify Mr E's income. In its final response letter, it said that the tool verified that Mr E received a minimum of £1,388.75 each month. It's not clear whether this means the tool indicated that Mr E was receiving significantly less income than he'd declared, or if it means that Loans 2 Go looked to verify the lower amount (as that was the income it considered Mr E needed to afford the loan based on its estimates of his expenditure).

In any case, I'm mindful that current account turnover includes all incoming funds to an account, and not just a consumer's salary.

Loans 2 Go has provided a copy of the information it received from the credit reference agency. This shows that Mr E had no defaults or CCJs, and no missed payments in the year prior to the application. It shows that he had opened seven accounts in the year before the application, and that these included high-cost short term loans.

Loans 2 Go has also provided information about its estimates of Mr E's essential expenditure. The figures Loans 2 Go has provided in its business file appear to be lower than I'd expect to see (for example, spending £50 a month on food). It's not clear whether these figures were provided by Mr E in the application, or are based on other sources such as ONS data.

The total estimated expenditure Loans 2 Go provided in its business file is £650. However, in its final response letter, it gives a total estimated expenditure of £939.65. I haven't seen a breakdown of the higher figure, nor confirmation of where those figures were sourced from.

I think Mr E's use of high-cost short term loans indicates that he was experiencing financial stress. So, although Loans 2 Go took some steps to verify Mr E's income, I think it should have conducted further checks to verify Mr E's income and expenditure, to satisfy itself that the loan was sustainably affordable for Mr E.

I've therefore considered the bank statements Mr E has provided to try to reconstruct what such checks would have shown. These don't show a regular income. They show significant transfers to and from other individuals, and to e-money accounts. They also show relatively limited essential expenditure (on groceries, utilities etc) – an average of around £265 a month.

That said, I am mindful that the credit file information Loans 2 Go obtained shows that Mr E

had two current accounts. Mr E has said he's unable to obtain the statements for the second account, as it was closed several years ago. So, I don't have a full picture of Mr E's income and expenditure.

Even if Mr E were able to supply bank statements for his other current account, I'm also conscious that in his application he said he was paid in cash. So, his wages wouldn't necessarily appear as a regular incoming payment to his account. On balance, I can't reasonably conclude it's more likely that what Mr E has told us about his income and employment now is true, than what he declared in the application.

Given the amount of the monthly repayments, I don't think that reasonable and proportionate checks would have extended into requesting the information that would have shown Mr E's personal issues at the time.

At best, any such checks would only have gone as far as finding out more about Mr E's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Mr E's circumstances – was the only way that Loans 2 Go could have done this. And given the fact that Mr E wanted and applied for this loan, I'm not sure he would have disclosed his full financial situation in the knowledge that if he had, the loan may not have been approved.

On balance, taking everything into account, although I think that Loans 2 Go failed to conduct proportionate checks, I'm unable to reasonably conclude that it wouldn't have lent had it done so.

I've also considered whether the relationship might have been unfair under s140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't reasonably conclude that Loans 2 Go lent irresponsibly to Mr E or otherwise treated him unfairly under the scope of this complaint. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here."

I've read and considered the full file again, and considered the comments from Mr E's representative.

In summary, Mr E's representative said it thought that there were discrepancies and signs of financial stress in the information Loans 2 Go found from the checks it conducted. So, Mr E's representative thought that Loans 2 Go should have conducted further checks, and that it shouldn't have lent had it done so.

As I explained in my provisional decision, I also think that Loans 2 Go should have been prompted to conduct further checks before it agreed to lend. But, I don't think those checks would have uncovered Mr E's personal issues at the time as he's explained them now.

Overall, taking everything into account, I continue to think that I can't reasonably conclude that Loans to Go wouldn't have lent had it conducted proportionate checks. Accordingly, I can't fairly uphold Mr E's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 24 October 2025.

Frances Young
Ombudsman