

The complaint

Mr W says Loans 2 Go Limited ('Loans 2 Go') irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards a loan. He says that it should have made much better checks before providing the lending.

Mr W's complaint has been brought by a representative and I've referred to Mr W and the representatives' comments as being from Mr W for ease of reading.

What happened

This complaint is about a fixed sum loan agreement that Mr W took out in October 2022. Mr W borrowed £250, and he was scheduled to make 18 repayments of £51.39. Making a total to repay of £925.02.

Mr W missed a repayment to the loan early on, but there were no further problems, and the loan is now repaid.

Mr W complained to Loans 2 Go saying that he was reliant on other credit when he took the loan. And Loans 2 Go should have seen this and not lent to him

Loans 2 Go considered this complaint, and it didn't uphold it. It said it'd done proportionate checks, which showed that Mr W could afford the lending. It didn't think it had lent irresponsibly. Mr W didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr W's complaint. He thought Loans 2 Go did proportionate checks and these showed the loan was affordable.

Mr W didn't agree with the Investigator. He said his credit file showed that he was reliant on credit as he had taken out three loans, and two cash advances, in the six months before the Loans 2 Go loan was approved. As these were high cost, and or, short term credit they were a clear indicator that Mr W was having financial problems. He said these types of loans are usually taken as a last resort as they are very expensive.

There was some further correspondence, and our Investigator clarified the information he had received from Loans 2 Go about how it assessed Mr W's income and expenditure. But he didn't change his opinion about the complaint. Because Mr W still didn't agree, this matter has been passed to me to make 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit in a sustainable way?
 - a. if so, did Loans 2 Go make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mr W could sustainably repay the borrowing?
2. Did Loans 2 Go act unfairly or unreasonably in some other way?

And, if I determine that Loans 2 Go didn't act fairly and reasonably when considering Mr W's application, I'll also consider what I think is a fair way to put things right.

Did Loans 2 Go complete reasonable and proportionate checks to satisfy itself that Mr W would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Loans 2 Go have explained that it asked Mr W what his income was. He told it that it was £1,200 a month. Loans to Go says it cross checked this using a credit reference agency tool and used £1,080 a month in its assessment. It factored in a 10% margin of error.

It also asked Mr W what his expenditure was, he said he spent £130 a month on rent and £154 a month on other expenditures. His credit commitments were £100 a month. Loans 2 Go used statistical data to estimate his expenditures and thought it was likely his rent would have been £232 a month; his other expenditures would be £468 a month. His credit commitments were the same. It used the higher amounts in its assessment.

Loans 2 Go also received some information from a credit reference agency about Mr W's existing credit. It found out he had credit card debt of £1,932. The information Loans 2 Go had suggested he had no other credit at the time and there were no indications of financial problems, or a poor repayment history.

I agree that, given the size of the repayments, that these checks were proportionate and showed that Mr W would be likely to afford the loan repayments.

Mr W has provided some information from an up-to-date copy of his credit report. As he says, this does show that he had other credit when he applied for the Loans 2 Go loan. There is the credit card that Loans 2 Go knew about. And Mr W had started other short term and high cost credit loans, but he had taken all of these around the same time (that is within about two weeks) of the Loans 2 Go loan.

It can typically take around six weeks for new credit to appear in credit reference agency information, so it's unlikely that Loans to Go would have been made aware of these. It has confirmed they weren't on the information it received. I think it was reasonable for Loans 2 Go to rely on the information it received.

So, overall, I'm satisfied that Loans 2 Go carried out a reasonable and proportionate check and this showed it was likely the loan would be affordable.

Did Loans 2 Go act unfairly or unreasonably in some other way?

I have considered whether the relationship 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 it lent

irresponsibly to Mr W 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.

I haven't seen anything to make me think Loans 2 Go acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 December 2025.

Andy Burlinson
Ombudsman