

The complaint

Mr W complains that Loans 2 Go Limited trading as Loans 2 Go was irresponsible in its lending to him. He wants all interest and charges reimbursed along with statutory interest. He also wants an additional £750 in compensation for the distress he has been caused.

Mr W is represented by a third party, but for ease of reference, I have referred to Mr W throughout this decision.

What happened

Mr W was provided with two loans by Loans 2 Go the detail of which are set out below.

Loan	Date	Amount	Term	Repayments
1	September 2021	£700	78 weeks	£33.21 per week
2	April 2024	£520	18 months	£106.89

Mr W said that he had other debts at the time of his applications and that based on his existing expenses, the loan repayments weren't affordable.

Loans 2 Go issued a final response to Mr W's complaint dated 11 October 2024. It explained that it undertook credit checks and affordability checks using data supplied by the applicant, the credit reference agencies and other third-party sources. It said that based on its checks the loans were affordable.

Mr W referred his complaint to this service.

Our investigator thought the checks carried out before the loans were provided were proportionate. They thought that based on these the first loan didn't appear affordable.

Loans 2 Go didn't agree with our investigator's view. It noted that the income figures it used were the minimum amount it verified, and the income could be higher. It said that based on its check the loans were affordable.

A further review of this case took place and the position changed and the complaint wasn't upheld. As with the first view, it was explained that the investigator thought the checks carried out before the loans were provided were reasonable. However, when reviewing the disposable income calculation and how buffers were included in this, they didn't think that either loan appeared unaffordable.

Mr W didn't agree with our investigator's view. He didn't accept that the checks were proportionate and said they didn't accurately reflect his financial circumstances or actual disposable income.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr W was provided with two loans. Both loans were for relatively small amounts, but Loans 2 Go was still required to carry out proportionate checks to ensure that the repayments would be affordable for Mr W. Before the loans were given, Loans 2 Go asked Mr W about his employment, income and expenses and a credit check took place. Loans 2 Go verified Mr W's declared income using a credit reference agency tool. It used the data in the credit reports to confirm Mr W's payments for existing credit commitments and information from a third party to estimate Mr W's expenses. The credit checks didn't show any issues with how Mr W was managing his active commitments.

Noting the size of the loans and the repayments and as Mr W's credit checks didn't raise any concerns, I think the checks carried out before the loans were provided were reasonable. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the loans should have been given. To assess that I have considered the outcome of Loans 2 Go's checks to see if these raised concerns that meant further information should have been gathered or the loans not provided.

Loan one: September 2021

As part of Mr W's application, he declared his monthly income as £1,000. Loans 2 Go was able to verify a minimum monthly income of around £939, and it was this lower figure that was used in its affordability calculation. Mr W declared amounts for his monthly rent and other expenditure. These were checked against third-party data and the higher figures used (around £170 for rent and £396 for other expenses). Mr W's credit commitments were taken from his credit file and totalled around £129 a month. Deducting these amounts from the income figure, left around £244 to cover the cost of the Loans 2 Go loan repayments and any other expenses.

The Loans 2 Go loan was due to be repaid weekly but calculating a monthly payment figure would give around £144. Deducting this from the £244 would leave Mr W with limited disposable income for any increase in costs or unforeseen expenses. However, as the figures included were the lower income and higher expenses figures, I do not find I have enough to say the outcome of the checks suggested the loan to be unaffordable for Mr W.

Loan two: April 2024

Mr W repaid loan one in March 2023, around a year before loan two was provided. Therefore, I do not find that Mr W's account management suggested a reliance on the debt. As part of the loan application, Mr W declared a monthly income of £1,350 and Loans 2 Go

was able to verify a minimum monthly income of around £1,344.

Mr W declared amounts for his monthly rent and other expenditure. These were checked against third-party data and the higher figures used (around £161 for rent and £421 for other expenses). Mr W's credit commitments were taken from his credit file and totalled around £520 a month. Deducting these amounts from the income figure left around £242 to cover the cost of the Loans 2 Go loan repayments and any other expenses. The Loans 2 Go repayments were around £107 a month. So, as noted above, while this would leave Mr W with limited disposable income for any increase in costs or unforeseen expenses, based on the information provided and data included in the assessment, I do not find I have enough to say the outcome of the checks suggested the loan to be unaffordable for Mr W.

I have also considered the other information contained in Mr W's credit file and I do not find this raised any serious concerns about how Mr W was managing his existing credit accounts.

So, for the reasons set out above, I do not uphold this complaint.

I've also considered whether Loans 2 Go acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with Mr W 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 Loans 2 Go 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.

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 W to accept or reject my decision before 28 November 2025.

Jane Archer
Ombudsman