

The complaint

Miss A complains that Loans 2 Go Limited trading as “Loans 2 Go” lent to her irresponsibly.

What happened

Loans 2 Go provided Miss A with a personal loan for £1,000 in June 2022 with a total amount payable of £3,700.32 over a term of 18 months. I understand the debt has now been sold.

Miss A complained to Loans 2 Go. In summary, she said the loan repayments were unaffordable because she was working part-time, earning minimum wage and she had very little left at the end of each month. She also says she was experiencing some difficult personal issues after the breakdown of her relationship and recent psychiatric inpatient treatment. Miss A says Loans 2 Go didn't fully explain the impact of taking out this loan.

In its final response, Loans 2 Go didn't uphold Miss A's complaint. In summary, it said it had carried out stringent checks at the time, which revealed the lending was affordable. Loans 2 Go also said the interest was charged according to the terms and conditions of the agreement, this was set out in the documents provided at the time of lending, Miss A signed to say she agreed with the terms – and she had the option to withdraw from the agreement within 14 days. Loans 2 Go said it hadn't been aware of any health conditions Miss A may have had at the time, despite giving Miss A the opportunity to disclose this during the application. It also felt it had acted fairly in 2022, when Miss A contacted Loans 2 Go to explain she was unwell and could not afford the payments.

Miss A didn't agree with Loans 2 Go's response and so referred her complaint to our service. Before doing so, she responded directly to Loans 2 Go. In summary, she said checks at the time of lending ought to have revealed she was a vulnerable person, her income was predominately benefits which wasn't stable and Loans 2 Go would have seen the number of loans she'd applied for before taking out this loan.

Our Investigator upheld Miss A's complaint. In summary, they said the checks Loans 2 Go carried out were not proportionate and had it carried out proportionate checks, it would have found the lending wasn't affordable.

Loans 2 Go disagreed with the Investigator's opinion. In summary, they said Miss A was up to date with payments on active credit commitments and within the credit limits. Although she'd missed payments in the last six months on one of her external credit commitments, Loans 2 Go said she was utilising less than 2% of her limit on that particular debt. It also said that although the Investigator had highlighted Miss A declared her monthly credit commitments as zero during the application, Loans 2 Go applied a figure of around £150. It also provided information showing it had increased the figures used for calculating Miss A's monthly disposable income, to bring them in line with average statistics, rather than relying on the figures disclosed by Miss A, given they were lower than the national average.

Because the parties couldn't agree, the matter was passed to me to decide.

I issued a provisional decision where I said:

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

I’m very sorry to hear about Miss A’s personal circumstances and I want to thank her for sharing this with us. I’m in no doubt that she has been having a very difficult time and has had many personal challenges.

I know this will come as a disappointment, but having carefully considered everything provided, I don’t intend to uphold Miss A’s complaint – and I’ll explain why.

Irresponsible lending

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss A’s complaint.

Loans 2 Go needed to make sure it didn’t lend irresponsibly. It was required to carry out proportionate checks to understand whether Miss A could afford to repay before providing the loan. This means Loans 2 Go needed to take reasonable and proportionate steps to check that making the loan repayments wouldn’t cause Miss A undue difficulty or have adverse consequences.

There aren’t set rules about what a proportionate check should include and a proportionate check could look different for different applications.

But we might think the lender needed to do more if, for example, a borrower’s income was low, the amount lent was high, or if a borrower would be indebted for a lengthy period of time. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show it didn’t continue to lend to its customer irresponsibly.

There may also be other factors which could influence how detailed a proportionate check should be, for example, any borrower vulnerability or foreseeable changes in future circumstances.

When Miss A was provided with the loan, Loans 2 Go was required to understand whether she could sustainably repay the full amount it was prepared to lend.

When providing Miss A with the loan, Loans 2 Go’s checks showed:

- *Miss A declared her monthly income as £1,900. Loans 2 Go said it verified Miss A received around £1,671 via credit bureau information.*
- *Miss A declared her monthly outgoings were “home costs” of £500, groceries of £75, utilities of £175, transport of £25 and no credit commitments or other regular expenses. This totalled £775 per month in outgoings.*
- *To calculate expenditure, Loans 2 Go says it uses the higher figure of either what Miss A declared her expenses were or what the UK consumer average expenditure is according to the Office of National Statistics (ONS). Loans 2 Go said it increased some of the figures Miss A had declared for her outgoings as they fell below the consumer average.*
- *Miss A’s recalculated disposable income was based on around £625 for expenditure (rather than the £275 Miss A had declared), £500 for rent (the same as what Miss A disclosed), and around £150 for current credit commitments. This resulted in a total*

expenditure of around £1,275, and around £396 for monthly disposable income. After making the payment towards this loan of around £206 per month (contractual repayments were £47.44 weekly), that would leave her with around £190 per month for unforeseen circumstances.

- Miss A didn't have any recorded Individual Voluntary Arrangements ("IVAs"), bankruptcies or County Court Judgments ("CCJs") and no recorded defaults in the last six months.
- Miss A used 7% of her credit card limits over the last six months and 2% in the last month.
- Miss A had a credit card with a £600 limit and a balance of £8. Payments had been brought up to date the month before lending but before that, Miss A was four payments in arrears. And, she'd missed one payment on two occasions in the few months prior to the recent arrears on this card. She had a loan with a balance of £646, paying £19 per month. She also had a hire purchase loan with a balance of £2,502, paying £131 per month.
- Miss A was up to date with payments on her public utility and communications supplier accounts.
- Miss A had one credit search in the last six months showing on her credit report.

Our Investigator found that Loans 2 Go's checks weren't proportionate, primarily on the basis that the figures Miss A declared for her income and expenditure, and her credit commitments didn't appear to be correct. However, from the information I've seen, Loans 2 Go took this into account before lending. It didn't simply rely on the information Miss A provided and instead, adjusted the figures used to calculate Miss A's likely disposable monthly income. It did this by decreasing Miss A's monthly income figure after verifying her income via credit bureau information and increasing her expenditure figure using ONS data. It also added £150 per month for her credit commitments – which I can see reflects what her likely monthly credit commitments looked like, according to Loans 2 Go's credit check at the time.

So, I'm satisfied that the checks Loans 2 Go carried out were proportionate. And, considering the information gathered in these checks, I don't think Loans 2 Go acted unfairly when providing Miss A with this loan.

I say this because whilst the monthly repayments for this new lending were not necessarily modest, at around £206, the term of the loan was 18 months – so Miss A wouldn't be indebted for a particularly lengthy period of time. And whilst Miss A had some recent arrears showing on her credit check, she'd brought that up to date before this lending and didn't appear to be overly indebted with existing credit. I understand Miss A said she'd applied for lots of credit before applying for this lending. But Loans 2 Go's checks only show one search in the past six months. There might be different reasons for this. For example, it might be that the searches for the lending Miss A had applied for, weren't yet showing. But I don't think there was any information revealed in the checks which meant Loans 2 Go had any reason to doubt what it saw. And therefore, I think it was entitled to rely on it.

Loans 2 Go's checks also showed Miss A's financial circumstances meant the loan repayments were likely affordable based on her disposable income and existing credit commitments. I find Loans 2 Go's disposable income calculations reasonable and proportionate; on the basis it gave Miss W an opportunity to declare what her actual income and outgoings were but then exercised caution by adjusting these figures.

However, I appreciate what Loans 2 Go found may not reflect Miss A's actual situation at the time of lending. In fact, she's told us things were very different, her income was more limited than what was recorded, and she says she didn't have any disposable income.

I also appreciate Miss A says she was vulnerable, and she feels checks ought to have revealed this. Loans 2 Go says it asked Miss A about her health, and she didn't make any declarations in relation to this. If I thought Loans 2 Go ought to have known this or if something about Miss A's application revealed any of the difficulties Miss A was having, then I may have said Loans 2 Go should have done more – or possibly shouldn't have lent to Miss A. But I haven't seen anything that suggests Loans 2 Go knew or could have known about Miss A's circumstances. It's also important to say that although Miss A says her income consisted mainly of benefits, this doesn't automatically preclude a borrower from taking out lending.

So given what I've said above, I don't think proportionate checks would have revealed this information about Miss A's financial or personal situation. And I think Loans 2 Go was entitled to rely on the information it saw at the time of lending.

For the reasons explained, I don't think Loans 2 Go irresponsibly lent to Miss A.

Interest on the loan

I understand Miss A complains the interest she's been charged is high and she wasn't made aware of the impact of taking out this loan. Even if the interest charged on this lending could be considered high compared to some other lending, this doesn't automatically mean the lender has done anything wrong. That's because it's ultimately a commercial decision for a lender when setting the interest on a loan.

As part of its lending obligations, Loans 2 Go needed to ensure it made clear what Miss A would be paying for this loan – so Miss A could make an informed choice about whether to take out the loan. Here, I can see from the loan agreement that the interest chargeable on the loan was made clear, set out at the top of the agreement under the key features section. And I can see Miss A signed to say she read and agreed to this. Loans 2 Go also says other documentation it provided at the time of lending, such as the pre-contract information, set this out too. So, I'm satisfied information about the interest on this loan was set out in a clear and not misleading way. And, as Loans 2 Go has said, Miss A had a 14-day withdrawal period – which means had Miss A, after taking out the loan, changed her mind, she had the opportunity to withdraw from the agreement if she wished.

I therefore don't intend to uphold this part of Miss A's complaint either.

Has Loans 2 Go acted unfairly in any other way?

Miss A has set out in detail her current situation and I'm sorry to hear what she's going through. I understand she has explained she can only afford token payments at this time. As the debt has now been sold, she'll need to liaise with the new owner of the debt in order to discuss a suitable way forwards to repay.

Finally, I've also 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 Loans 2 Go lent irresponsibly to Miss A or otherwise treated her 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 provisional decision

For the reasons I've explained, I don't intend to uphold Miss A's complaint."

Loans 2 Go accepted my provisional decision but Miss A didn't agree. She said, in summary, that she didn't know how Loans 2 Go thought that was her income. Miss A said she'd sent statements showing everything she'd been paid in the lead up to this loan and it wouldn't have been affordable.

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 done so and after considering Miss A's further points carefully, I'm not upholding this complaint. I know this will come as a disappointment to Miss A – I'll explain my reasons below.

In my provisional decision, I recognised that what Loans 2 Go found when carrying out its affordability checks may not have reflected Miss A's actual situation. So, when Miss A says her income was lower, I want to make it clear it's not that I'm disagreeing with her or doubting that.

But Miss A declared her earnings were £1,900 per month when applying for this loan and Loans 2 Go were able to verify she was earning around £1,671 using credit bureau information. To explain this further, lenders often verify income in this way by looking at current account turnover, and it's a recognised industry-standard tool. Having looked at Miss A's bank statements, in addition to her income, I can see she had several bank transfers coming into her account. It's possible this may have inflated her actual income and therefore could explain why Loans 2 Go were able to verify her income at a higher amount compared to what she was actually receiving. In any event, Loans 2 Go exercised conservatism by relying on the lower monthly income figure it found via those checks, despite Miss A, at the time, telling it that she was earning more than this.

But crucially, for the reasons explained in my provisional decision, and in the circumstances of this case, I've said the checks Loans 2 Go carried out were proportionate and I think it was entitled to rely on the information it found. I don't think checks would have extended to checking Miss A's bank statements. Overall, I'm satisfied the lending was fair.

Finally, I've also 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 Loans 2 Go lent irresponsibly to Miss A or otherwise treated her 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

For the reasons I've explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 December 2025.

Sophie Kyprianou
Ombudsman