

### The complaint

Mr W complains that Loans 2 Go Limited (“L2G”) irresponsibly gave him three loans he couldn’t afford to repay.

### What happened

Mr W applied for three loans with L2G.

Loan 1 was taken out in April 2019. Mr W borrowed £400, repayable in 18 monthly instalments of £91.42. The loan was paid off early in October 2019, when Mr W took out the second loan with L2G.

Loan 2 was taken out in October 2019. Mr W borrowed £1,000. £273.47 of this was used to settle loan 1 early. The remaining £726.53 was new borrowing. Mr W was required to repay loan 2 in 18 monthly instalments of £228.56. Mr W made all of his repayment on time and paid off the loan in April 2021.

Loan 3 was taken out in December 2024. Mr W borrowed £600, repayable in 18 monthly instalments of £117.33.

A few weeks after taking out loan 3, Mr W complained to L2G to say that all three loans were unaffordable to him and that they should not have been provided to him. L2G didn’t agree it had acted unfairly when lending to Mr W.

I sent Mr W and L2G my provisional decision on 29 October 2025. I explained why I was planning to uphold the complaint in part. I said:

*Before granting credit to Mr W, L2G was required to carry out checks to ensure the borrowing was likely to be affordable to him. The regulator’s rules and guidance in place at the time set out that any checks L2G carried out needed to be proportionate to the specific circumstances of each lending decision. In deciding what might be proportionate for each of the loans Mr W applied for, L2G needed to take into account things such as (but not limited to): the amount borrowed, the size of the regular repayments, the cost of borrowing, the term and Mr W’s circumstances.*

*In response to our investigator’s assessment L2G has already accepted it acted unfairly when it provided loan 3 to Mr W. I don’t therefore think I need to consider this loan in any specific detail as it is no longer in dispute. For completeness, I am also satisfied that L2G acted unfairly when granting loan 3. In summary, this is because I’ve seen the credit checks L2G completed demonstrated that Mr W was already over committed with unsecured credit and there were signs he was struggling with his existing commitments. I think the checks showed that further lending at that stage was likely to be unsustainable for Mr W.*

*In relation to loan 1, I can see that as part of the application Mr W declared he was employed and earning a monthly income of £2,750. L2G says it verified the declared income using credit reference agency data, although I note the check revealed his*

income could have been as low as around £1,500 per month. L2G also completed a credit check and it gathered some basic information from Mr W about his regular expenditure. Based on this, L2G says it calculated that Mr W had a disposable income of £2,200 per month and therefore the loan was affordable to him.

I have significant concerns about the conclusions L2G reached about Mr W's financial position before it chose to lend to him. Mr W was seeking to borrow £400 to be repaid over 18 months at an APR of 1,013.1%. If Mr W truly had a disposable income of over £2,000 each month, he would have had no need to borrow such a small sum over such a long period at such a substantial cost. Further, the income check suggested Mr W's declared income had the possibility of being substantially lower than he had declared.

The credit checks L2G completed showed that Mr W was almost at his £3,000 overdraft limit on his current account, was nearly at his limit on a £500 credit card and had recently settled another short term loan. Further, the disposable income figure was reached on the understanding that Mr W had monthly credit commitments of £100. However, on the credit check L2G completed it showed Mr W was repaying £167 per month on one hire purchase agreement. In addition to this, he had a loan with monthly repayments of £115, a credit card and an overdraft.

L2G appears to have completely ignored information that was available to it and that clearly contradicted the conclusions it had reached. Its checks therefore were not reasonable or proportionate.

Just because I don't think the checks were proportionate, it doesn't automatically mean the lending decision was unfair. In the specific circumstances here, I think L2G ought to have done more to verify Mr W's income and expenditure before lending to him.

I say this because Mr W did appear to be maintaining all of his regular repayments to his credit commitments and the number of open credit commitments he had was relatively modest when compared to his declared income. However, as I've said, Mr W appeared to be regularly using his overdraft which was in excess of his monthly income and I think this ought to have caused some concern about the potential affordability of loan 1.

We have reached out to Mr W to provide evidence of his financial circumstances at the time of taking out loan 1. This is so we could see what L2G would likely have discovered about his financial circumstances had it carried out proportionate affordability checks. However, he hasn't provided the information we have requested. Without this, I can't fairly say that L2G acted unfairly in lending to him. This is because I've not seen anything to sufficiently persuade me that the lending was unaffordable to Mr W and that more detailed affordability checks by L2G would most likely have revealed this too.

Loan 2 was taken out around six months after loan 1. The credit checks L2G completed show that since loan 1, Mr W took out a further credit card (with a limit of £400) and an additional short term loan from another provider with monthly repayments of £83. While Mr W was still maintaining all of his monthly repayments, including those towards loan 1, his unsecured borrowing had increased a small amount and the position on his overdraft remained the same. I note the income checks L2G completed revealed similar results to those it completed for loan 1. All of this ought to have raised concerns with L2G about the possible affordability of loan 2 for similar reasons to those for loan 1.

*Once again, L2G's assessment of Mr W's financial circumstances in relation to loan 2 was exceptionally poor. Mr W's existing financial commitments far exceeded the £100 L2G calculated and it could easily see this if it had adequately reviewed the information available to it. I don't think its checks were proportionate in relation to loan 2 either. I think it would have been reasonable, like with loan 1, for L2G to have verified Mr W's financial circumstances before deciding whether it would be reasonable to lend to him.*

*Like with loan 1, Mr W hasn't provided us with evidence of his financial circumstances at the time loan 2 was taken out. This means I can't fairly say that the loan caused him a loss or that L2G made an unfair lending decision.*

*In reaching my conclusions, I've also considered whether the lending relationship between L2G and Mr W might have been unfair to Mr W under section 140A of the Consumer Credit Act 1974 ("CCA").*

*However, for the reasons I've explained, with the information and evidence currently available to me, I don't think L2G irresponsibly lent to Mr W or otherwise treated him unfairly in relation to loans 1 and 2. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.*

L2G accepted my provisional decision, but Mr W didn't. He provided copies of bank statements for one of his current accounts around the time of his applications for loans 1 and 2. He wanted this new information to be taken into consideration.

### **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, I've reached the same outcome I reached in my provisional decision. However, I'll explain why the new information Mr W has provided hasn't made any material difference to what I consider to be a fair and reasonable outcome in this case.

I set out in my provisional decision that I didn't think L2G's affordability checks were reasonable or proportionate in relation to loans 1 and 2. This is because I think the checks they completed indicated that there was a possibility Mr W might be struggling financially. I think it needed to do more to establish what Mr W's financial circumstances were before lending to him. I think this ought to have included further verification of his income and asking more detailed questions about his essential expenditure.

I don't think, given the circumstances here, that L2G needed to manually review Mr W's bank statements for either loan 1 or 2. However, I think I can place considerable weight on the information contained in the bank statements Mr W has provided as to what L2G would most likely have discovered about his circumstances had it completed proportionate affordability checks.

The statements show that Mr W's monthly income was broadly what he had declared on his applications. Further, it appears that Mr W wasn't paying towards any household bills such as utilities or council tax. It seems he may have been paying regular board to his parents. Other than this regular monthly payment and his other credit commitments, he didn't appear to have any other essential expenditure. So, on the face of it, both loan 1 and 2 were affordable to him as he seemed to have sufficient disposable income to comfortably meet the repayments and service his existing credit without difficulty.

I can see that the main reason Mr W was heavily utilising his overdraft at this time was because of the volume of gambling transactions he was undertaking on his account. However, I'm not persuaded L2G would ever have reasonably known about that even if it had conducted more thorough affordability checks. As I've said, I don't think it was required to manually review Mr W's bank statements in this particular case, taking into account the specific circumstances here. Overall, I'm satisfied that proportionate affordability checks would most likely have revealed that Mr W had sufficient disposable income to meet the loan repayments after taking into account his essential expenditure.

Lastly, neither L2G nor Mr W provided any further comments in relation to loan 3, so I've seen no reason to reach any different conclusion regarding that loan. I'm satisfied that L2G made an unfair lending decision for loan 3 and it needs to put things right in the way I set out in my provisional decision.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Loans 2 Go Limited to:

- Remove all interest and charges from loan 3, ensuring Mr W is only required to repay the capital he borrowed.
- If Mr W has already paid more than the capital borrowed for loan 3, L2G should treat any excess amounts as overpayments. It should refund any overpayments to Mr W, adding 8% simple interest per year on any refund from the date of each overpayment to the date of settlement.
- If there is a capital balance outstanding, L2G needs to set up an affordable repayment plan.
- Once the capital has been repaid, L2G should remove any adverse information it may have recorded on Mr W's credit file in relation to loan 3.

If L2G considers tax should be deducted from the interest element of my award, it should provide Mr W with a certificate showing how much it has taken off so he can reclaim that amount, if he is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 December 2025.

Tero Hiltunen  
**Ombudsman**