DRN-5980393

The complaint

Mr P complains that Loans 2 Go Limited trading as Loans 2 Go ("L2G") irresponsibly gave him a fixed sum loan agreement he couldn't afford to repay.

What happened

In December 2023, Mr P applied to L2G for a cash loan. He was given a fixed sum loan agreement borrowing £1,100. Mr P was required to repay it in 18 monthly instalments of £226.11.

Mr P complained to L2G in January 2025 to say that the loan had been unaffordable to him from the outset. He said that he had entered into a spiral of taking out credit at the end of 2023 and if L2G had carried out appropriate affordability checks before lending to him it would have seen the loan was unaffordable and unsustainable. L2G didn't agree it had acted unfairly in lending to Mr P.

I sent Mr P and L2G my provisional decision on 4 November 2025. I explained why I wasn't planning to uphold the complaint. I said:

> *Before lending to Mr P, L2G were required to complete 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 the checks L2G completed needed to be proportionate to the specific circumstances of that lending decision. This means there isn't a set list of checks that had to be completed every time and how thorough the checks needed to be would vary with each lending decision. In deciding what would be proportionate, L2G needed to take into account things such as (but not limited to): the amount borrowed, the size of the monthly repayments, the term, the cost of borrowing and Mr P's circumstances.*
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> *As part of the application Mr P declared that he was earning £3,400 per month. L2G says it used data from a credit reference agency to confirm the accuracy of this which it says showed he earned at least around £2,200 per month. L2G says it asked Mr P about his regular committed expenditure and that it used statistical data to ensure this was likely to be accurate. Including declared credit commitments, L2G said it calculated Mr P's monthly expenditure to be £1,350 meaning that it was satisfied the new loan repayments were affordable. L2G says it also completed a credit check which didn't reveal any affordability concerns.*
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> *L2G calculated Mr P's monthly credit commitments to be around £300 from what it could see from the credit check it completed. This looks to have been broadly reasonable. I can see the check showed Mr P held 5 current accounts (one of which had an overdraft balance of around £460), 4 credit cards with a combined outstanding balance of around £1,000 (all within their agreed limits), 2 mail order/store card accounts with a combined balance of around £440 (both within their agreed limits), four communications accounts and two personal loans.*
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> *Both loans had been taken out in the month prior to Mr P's L2G loan application. One*

of those loans was for a similar amount of around £1,000 with monthly repayments of £166 and represented around half of Mr P's monthly unsecured credit commitments. The second loan was for £300 for which Mr P had already repaid £100.

The credit checks showed that until around four to six months prior to the loan application Mr P had clearly been struggling financially for some time. Several of his credit commitments had been excessively in arrears and there had been a number of defaults recorded in the previous year for non-payment. However, the checks also showed that there appeared to have been a positive change financially around six to four months prior to this application. All of the arrears had been brought up to date and Mr P had been able to fully satisfy all of his defaulted debts except for one credit card debt for which he still owed around £1,000 at the time of the L2G application.

Taking all of this into account, I'm not persuaded that L2G's affordability checks were reasonable or proportionate in the specific circumstances of this case. I say this because Mr P had clearly been in financial difficulties very recently, at least until around 4 months prior to the application. While there were indications from the credit check that his financial circumstances had very recently taken a positive turn, I think it was far too soon for L2G to have had comfort this loan was likely to be sustainable for Mr P solely from the checks it completed.

This is because there were two other very recent loans Mr P had taken out, which ought to have caused L2G concern given his recent credit history. Particularly as one of those had the hallmarks of being a payday loan (it was a small loan repayable over a very short term). Further, the loan L2G was providing had a substantial APR of 770% meaning that Mr P would be repaying back almost four times the amount of capital he borrowed. Further, the monthly repayments nearly doubled his total monthly repayments towards unsecured credit. This was therefore a substantial undertaking for something in Mr P's situation. I think L2G should have done more to verify Mr P's essential expenditure (rather than relying on statistical data) and done more to satisfy itself about Mr P's income.

I don't know what evidence L2G would have asked for had it done more. But in the absence of anything it did, we've requested copies of bank statements from Mr P from around the time the loan was taken out. I think I can place significant weight on what is contained in them as to what L2G would mostly likely have found out about his financial circumstances had it completed proportionate affordability checks.

I'm not suggesting L2G were required to review bank statements before lending to Mr P, but I'm persuaded that it would most likely have found out similar information to what I can now see contained in them.

I can see that what Mr P declared as his income was broadly accurate. The essential monthly expenditure L2G had recorded as part of the application also appears to have been broadly accurate. Although Mr P's monthly rent was £900 instead of the £400 stated on the application, it seems Mr P's partner was making contributions towards shared household costs and I think this would likely have been disclosed to L2G (if it hadn't been already as part of the application) had L2G asked more questions.

I've noted that Mr P took out a number of other loans in the month prior to his application with L2G which meant his unsecured credit commitments were higher than what L2G had calculated. But many of these didn't show on the credit checks L2G completed. I can't fairly say L2G did anything wrong in not taking into account borrowing it didn't know about and given how close to the application they were it *isn't surprising that the credit checks didn't show them.*

While it's possible the L2G loan was unaffordable and unsustainable for Mr P, I don't currently have enough evidence to persuade me that:

1) that was more likely than not the case, and;

2) that more thorough affordability checks by L2G would more likely than not have shown that.

I say this because Mr P held five current accounts at the time. I can see he was regularly transferring money between these accounts, so it is more difficult to establish exactly what his financial position was. This is particularly the case when he hasn't provided us any statements for two of those accounts. However, from what I have seen it does appear that his income was sufficient to meet his regular committed essential expenditure and still have a sizeable amount of disposable income left. It appears (although I accept my overall view of Mr P's finances is limited to what he has shared) Mr P could afford his credit commitments and essential expenditure as well as the new L2G loan he had entered into.

What supports this view is that Mr P's partner was contributing quite significantly towards household costs each month. Further, I've seen that Mr P held a savings account in which he regularly held several hundred pounds. I've also seen evidence of two transfers out to savings bonds with a combined total in excess of £1,000 in and around the month of the L2G loan application. If Mr P had no disposable income or was relying on borrowing to meet his essential costs, I don't think he could have continued to transfer such sums into savings.

Overall, I've not seen anything to persuade me that more thorough affordability checks would have revealed any significant concerns about Mr P's ability to repay the borrowing. For that reason, I don't think the lending decision L2G reached was unfair or that it caused Mr P any material loss.

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

However, for the reasons I've explained, I don't think L2G irresponsibly lent to Mr P or otherwise treated him unfairly in relation to this matter. 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 P didn't. In summary, he said the transfers I'd referred to as savings bonds were actually payments towards childcare and were therefore a substantial bill. He said the other current accounts I referenced held no balances at the time and this ought to be visible from the credit report. He said his partner did contribute towards bills, but it was for less than half of the outgoings. He said he relied on borrowing to meet his essential commitments.

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 conclusion I reached in my provisional decision and for broadly the same reasons. However, I'll address the additional points Mr P has made to explain why I don't feel they make any difference to the outcome I've reached.

I accept what Mr P says regarding the large payments totalling around £1,000 being for childcare rather than savings. However, the purpose of those funds is largely irrelevant. This is because even with these payments goings out, from what I've seen it appeared Mr P could still afford his essential expenditure from his income and contributions from his partner.

While I can see that Mr P was also withdrawing money from one of his savings accounts (as well as making deposits into that account), and I accept he was moving money around as and when bills were due, nothing I've seen persuades me that it ought to have been obvious (had more detailed affordability checks been completed) that Mr P's income was insufficient to meet his essential expenditure.

Mr P says his other two current accounts had no balance and that this should be visible from the credit file. However, it isn't. A credit file nor L2G's credit checks will show what the balance of a current account is, unless it is overdrawn. A zero figure under 'balance' simply means it is not overdrawn, it is not confirmation that the account has no credit balance or isn't being used. With what Mr P has provided I can't fairly say that more detailed affordability checks ought reasonably to have led to a different lending decision by L2G.

As I set out in my provisional decision, L2G needed to do more before lending. I don't think its affordability checks were reasonable or proportionate based on what it had seen. However, I've not seen anything to persuade me that more detailed checks would most likely have shown the loan to be unaffordable. I therefore don't think L2G made an unfair lending decision.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 29 December 2025.

Tero Hiltunen
Ombudsman