

The complaint

Mr F says Loans 2 Go Limited irresponsibly lent to him.

What happened

Mr F took out a loan for £1,000 over 18 months in September 2024 from Loans 2 Go. The monthly repayments were £195.56 and the total repayable was £3,074.52.

Mr F says he had no disposable income and a gambling problem (spread betting) at this time. His circumstances should have been checked before lending.

Loans 2 Go says it carried out adequate checks that showed Mr F could afford the loan.

Our investigator upheld Mr F's complaint. She said Loans 2 Go's checks were not proportionate and better checks would have shown Mr F's finances were not stable enough for him to take on a new line of credit.

Loans 2 Go disagreed. It said that whilst Mr F had a history of adverse markers on his credit file, at the time he was up-to-date with all his active credit commitments except for one account. It is a subprime lender, and lends to people who may not have a good credit score; if they can demonstrate stability and repay the loan instalment sustainably. There is no evidence that company 'l' is registered or licensed as a gambling operator in the UK. The platform is not listed with the UK Gambling Commission, which is the official regulator of betting and gaming services. It is a trading platform for investing.

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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considering Mr F's complaint.

Loans 2 Go needed to take reasonable steps to make sure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr F could afford to repay what he was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and Mr F's income and expenditure.

Certain factors might point to the fact that Loans 2 Go should fairly and reasonably have done more to establish that any lending was sustainable for Mr F. These factors might include Mr F's income, how much the repayments were, the frequency of the borrowing and how long Mr F had been indebted.

I can see Loans 2 Go asked for some information from Mr F before it approved the loan. It

asked for his monthly income and expenditure. It verified his declared income using a third-party tool. It reviewed his declared expenditure to ensure it was reasonable based on national statistics and adjusted it accordingly. It checked Mr F's credit file to understand his existing monthly credit commitments and credit history. From these checks combined Loans 2 Go concluded Mr F had enough monthly disposable income for the loan to be affordable.

In the circumstances of this case, I do not find that these checks were proportionate. I'll explain why. I have thought carefully about this as it was a relatively low value loan. However, the credit check showed that Mr F had recently been under financial strain and so I find that a fuller financial review was needed to give Loans 2 Go the assurances it needed that lending to Mr F would not cause him any foreseeable financial harm.

The report showed Mr F had problems making his contractual repayments over the last 12 months on multiple accounts. He was/had:

- 3 months' arrears on a priority bill 3 months before
- 4 months' arrears on a loan that he'd missed payments on ever since opening it in April 2019
- 3 missed payments on a telecoms account in the last 12 months
- in and out of arrears every other month since January 2023 on another telecoms account
- missed a payment on an account only open for 3 months
- 9 defaults which although historic, still had an unsettled balance of £1,181

I acknowledge Loans 2 Go's statement that as a subprime lender it extends loans to applicants with adverse data, but it goes on to say this is 'if they can demonstrate stability'. And I can't see its checks went far enough to satisfied that criteria.

In cases like this we look at bank statements from the three months prior to application. I am not saying Loans 2 Go had to do exactly this, but it is a reliable way for me to see what better checks would most likely have shown the lender.

From them I can see the characteristics of compulsive spending, such that there was a clear risk that giving Mr F access to more funds could make his situation worse. He was spending in an excessive (more than his income in some months) and harmful manner at one merchant. Loans 2 Go has centred its defence on the fact that the recipient account was not an identifiable gambling firm, rather it was a trading platform.

However, I need not debate this point further as Loans 2 Go's argument does not change my finding. Mr F's spending behaviour was visibly out of control and so his finances were not stable. He has evidenced he was spread betting. Whilst Loans 2 Go might not have been able to discover this at the time, from better checks it would have been able to identify that Mr F had a compulsive spending problem that could lead to financial harm – irrespective of where he was spending, but particularly if fuelled by access to credit.

It follows I find Loans 2 Go was wrong to lend to Mr F.

Putting things right

It is reasonable that Mr F repay the capital he borrowed, but not that he is charged interest and fees on a loan that should not have been given.

So Loans 2 Go should:

- Refund/remove all interest and charges and treat all repayments Mr F made as repayments of the capital.
- If this results in any overpayment this should be refunded to Mr F along with 8% simple interest (calculated from the date the overpayments were made to the date of settlement)*.
- If this results in there being an outstanding capital balance Loans 2 Go must agree an affordable repayment plan with Mr F.
- Remove any adverse information from Mr F's credit file once any outstanding capital balance has been repaid.

*If Loans 2 Go deducts tax from the interest element of this award, it should provide Mr F with the appropriate tax certificate so he can submit a claim to HMRC if applicable.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mr F in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

I am not upholding Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 25 February 2026.

Rebecca Connelley
Ombudsman