

The complaint

Mr S is unhappy Loans 2 Go Limited trading as Loans 2 Go provided him with three loans that were unaffordable. He was represented in his complaint until July 2025. For ease, I've written as if we've dealt with him directly throughout.

What happened

Loans 2 Go provided Mr S with three loans:

- Loan one in August 2021 for £500. The total amount repayable was around £1,850 and was due to be repaid in 78 weekly instalments of around £24 (so around £104 per month).
- Loan two in November 2022 for £250. The total amount repayable was around £925 and was due to be repaid in 18 monthly instalments of around £51.
- Loan three in October 2023 for £400. The total amount repayable was around £1,480 and was due to be repaid in 18 monthly instalments of around £82.

Mr S raised an irresponsible lending complaint in October 2024. He said Loans 2 Go didn't complete sufficient checks at the time of his loan applications. He added that he had a gambling addiction at the time and was in financial difficulty which led him to agree several breathing spaces and debt management plans with other lenders. Finally, he added that Loans 2 Go failed to recognise he was struggling with the loan repayments, which caused him further financial difficulties.

Loans 2 Go didn't uphold Mr S' complaint, explaining that they thought their lending decisions were fair and reasonable based on the information they had available. So, Mr S brought his complaint to the Financial Ombudsman.

One of our investigators looked at Mr S' complaint and thought that, whilst loan one was affordable, Loans 2 Go shouldn't have agreed to provide loan three. She found that Mr S' credit file showed signs that he was experiencing financial difficulty which ought to have suggested that Mr S couldn't afford this loan. So, she recommended that the complaint about loan three be upheld. She didn't comment on loan two as it was withdrawn a few days after inception and so, there was no financial loss.

Loans 2 Go disagreed with our investigator, maintaining that the credit file data suggested Mr S was able to manage his finances and that he had enough disposable income to afford repayments towards loan three.

Because an agreement couldn't be reached, the complaint has been passed to me to decide. I issued a provisional decision, explaining that I wasn't intending to uphold the complaint. I explained why, as follows:

The rules and regulations in place at the time Loans 2 Go provided Mr S with the loans required them to carry out a reasonable and proportionate assessment of whether he'd be able to repay them in a sustainable way. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower-focused'. This means Loans 2 Go had to think about whether repaying the credit would cause difficulties or adverse consequences for Mr S. In other words, it wasn't enough for Loans 2 Go to consider the likelihood of them getting the funds back or whether Mr S' circumstances met their lending criteria – they had to consider if Mr S would be able to sustainably repay the lending being provided to him.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer and the amount, purpose, cost of credit they were seeking. I've kept all of this in mind when thinking about whether Loans 2 Go did what was needed before lending to Mr S.

Loans 2 Go confirmed that Mr S withdrew from loan two a few days after taking it out. This means he only had to repay the capital he had borrowed and the interest and charges were written off. Mr S suffered no financial loss as a result of loan two, so I won't be commenting on this further.

Loan one - Did Loans 2 Go carry out reasonable and proportionate checks?

Before approving the application for loan one, Loans 2 Go:

- Asked Mr S what his income was and verified this using data from the credit reference agencies ('CRA')*
- Obtained Mr S' expenditure*
- Estimated Mr S' disposable income*
- Checked his credit file*

I'm inclined to say these checks were reasonable and proportionate in the circumstances. There was some adverse information on Mr S' credit file but it was fairly historic. He had two defaults recorded back in 2017 and a County Court Judgment ('CCJ') had been obtained almost two years prior, in 2019. He had very low existing debt commitments which appeared to be managed well, so there was no evidence that he was experiencing financial difficulties at the time of his application.

It's not clear whether the expenditure figures Loans 2 Go relied on were obtained from Mr S directly or whether they relied on statistical data. But I'm satisfied either would be reasonable in the circumstances. The regulations specifically allow a business to use statistical data to estimate an applicant's expenditure. If they did rely on statistical data, I haven't seen anything in the information Loans 2 Go obtained which ought to have prompted them to do further checks.

Did Loans 2 Go make a fair lending decision?

Just because I think the checks were proportionate based on Mr S' circumstances, it doesn't end there. I need to consider whether Loans 2 Go made a fair decision to lend.

As I mentioned above, the credit check didn't suggest that Mr S was struggling financially at the time he applied for the loan. His low indebtedness also suggested that he wasn't overly reliant on lending either.

Mr S declared a monthly income of £2,000. Loans 2 Go verified a lower income of around £1,050 using CRA data and appear to have relied on this figure when estimating Mr S' disposable income. I appreciate Mr S has told us that he didn't have a stable income at the

time but Loans 2 Go were able to verify an income through the CRA and I think it was reasonable for them to rely on this.

Loans 2 Go provided two different expenditure figures: £630 in their business file and around £747 in their final response letter ('FRL'). But I'm satisfied this doesn't make a difference as even the higher expenditure figures left Mr S with enough disposable income to afford the repayments towards loan one. So, I'm not persuaded that Loans 2 Go acted unfairly when they granted this loan.

Loan three - Did Loans 2 Go carry out reasonable and proportionate checks?

Before approving the application for loan three, Loans 2 Go:

- Asked Mr S what his income was and verified this using a payslip
- Obtained Mr S' expenditure
- Estimated Mr S' disposable income
- Checked his credit file

The credit file data showed no new defaults or CCJs however, Mr S' indebtedness had somewhat increased and some adverse information was being reported. His credit card account had been two months in arrears since August 2023 and he had missed a payment on his hire purchase agreement two months prior (although it was now up to date).

Similarly to loan one, it's not clear whether the expenditure information Loans 2 Go obtained was provided by Mr S or whether they relied on statistical data. They estimated Mr S' total expenditure to be around £820 – although they quoted a higher figure of around £1,115 in their FRL. Based on this and Mr S' verified income of around £1,850, Loans 2 Go were satisfied he was left with enough disposable income to afford the repayments.

Overall, I think Loans 2 Go ought to have found out more about Mr S' expenditure as the credit check suggested that he was struggling to afford his credit card repayments which would have only been around £6 per month. So, this could have been a sign that he was struggling financially and that this new loan wasn't affordable.

Loan three – What would proportionate checks have shown?

I've asked Mr S some questions around his expenditure, as well as reviewed his bank statements, to get an understanding of his financial circumstances. To be clear, I'm not saying that Loans 2 Go should have reviewed his statements. Rather, I'm relying on the information contained in the statements, alongside Mr S' testimony, to decide what Loans 2 Go would have found out had they asked more questions.

Mr S provided me with a higher total expenditure figure of around £1,310, which seems reasonable given what I've seen from his statements. He added that he spent a lot of money on fuel for his delivery job but didn't specify how much. Having reviewed Mr S' bank statements, I can see that he entered into a repayment plan with a third party shortly before loan three was provided, for £120 per month. I've taken this into account as I would consider it a regular expenditure which Mr S would have likely declared. So, based on these figures, Mr S' total expenditure was around £1,430. Deducting this from the income Loans 2 Go verified of £1,850, this would have left Mr S with a disposable income of £420 a month – meaning the loan repayments of £82 would have been affordable.

Mr S has told us that he was in financial difficulty due to his gambling addiction. Having reviewed his bank statements, I can see that there were some gambling transactions. I also

noted a high amount of cash withdrawals and deposits. Mr S told us that they were also almost all gambling related. So, I can appreciate why Mr S has told us that he was struggling financially due to this. But as I don't think Loans 2 Go needed to go as far as reviewing his statements, I'm not persuaded they would have found out about Mr S' gambling. I'm also not persuaded that this would have come to light if Loans 2 Go had obtained further information about Mr S' financial circumstances.

So, in summary, I'm inclined to say Loans 2 Go didn't act unfairly when they provided these loans to Mr S.

Did Loans 2 Go treat Mr S unfairly in any other way?

Mr S has also complained that Loans 2 Go failed to acknowledge his financial difficulties when he started missing repayments.

I can see that Mr S met his contractual repayments for loan one before settling the loan early. And with regards to loan 2, as mentioned above, Mr S withdrew from the agreement within days of taking the loan out. So, I've not seen anything to suggest Mr S was struggling with these loan repayments or that Loans 2 Go ought to have realised he was struggling financially.

With regards to loan three, I can see that Mr S started struggling with the repayments immediately. But I can also see that Loans 2 Go were in contact with Mr S throughout and sent multiple communications about missed payments. They asked him to get in touch if he had any issues and signposted him to debt charities. Loans 2 Go eventually agreed a repayment plan with Mr S via a third party. So, I'm satisfied that Loans 2 Go did acknowledge Mr S' financial difficulties and offered him support during that time.

In reaching my conclusions, I've also considered whether the lending relationship between Loans 2 Go and Mr S might have been unfair to Mr S under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think Loans 2 Go lent irresponsibly to Mr S or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

Loans 2 Go responded to the provisional decision letting me know they agree with what was said.

Mr S also responded and expressed his disappointment with it. In summary, he didn't agree that Loans 2 Go checked his income and maintained that he didn't have any income when loan one was granted. He also added that he was only able to repay loan one by borrowing more money. Finally, he referred to the breathing spaces and debt management plan he was on before taking out the loans.

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 as I did in my provisional decision, and for the same reasons.

As I mentioned in my provisional decision, Loans 2 Go were able to verify Mr S' income through the CRAs for loan one and obtained a payslip for loan three. The regulations specifically allow a business to use CRA data to verify an applicant's income. These

automated checks tend to include any credits to his current account, including transfers in, benefits, gambling wins, etc which is intended to support Mr S' declared income figure. I haven't seen anything in the information Loans 2 Go obtained which ought to have prompted them to do further checks.

I also don't doubt what he's told us about only being able to afford loan one by borrowing further funds. And I can see that he did indeed enter a debt repayment plan shortly before loan three was taken out. I've reviewed all the information provided, and I accept Mr S' financial position was worse than reflected in the checks – but Loans 2 Go weren't to know that.

I know this is likely to come as a disappointment to Mr S, but I've not seen anything that changes my provisional decision. And so, it stands that I do not uphold his complaint against Loans 2 Go.

My final decision

For the reasons I've outlined above, I'm not upholding Mr S' complaint about Loans 2 Go Limited trading as Loans 2 Go.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 January 2026.

Amelie Makris
Ombudsman