

## The complaint

Ms E complains that Loans 2 Go Limited (Loans 2 Go) irresponsibly entered into a fixed sum loan agreement with her that she could not afford to repay.

Ms E is supported in bringing this complaint by a representative. But, for ease, I'll refer to actions and submissions as being those of Ms E herself.

## What happened

In December 2021, Ms E applied for a loan with Loans 2 Go. She was given a loan for £1,000. The total repayable including interest was £3,700.08, which was to be repaid in monthly instalments of £205.56, over 18 months.

In October 2024, Ms E complained that Loans 2 Go should never have provided her with the loan. She said that appropriate affordability checks hadn't been completed, and if they had Loans 2 Go would've seen that the loan was unaffordable for her. Loans 2 Go didn't think that it had acted unfairly when lending to Ms E.

I sent Ms E and Loans 2 Go my provisional decision on 4 December 2025. I explained why I was planning on upholding the complaint. I said:

*There wasn't a set list of checks Loans 2 Go was required to complete before lending to Ms E. The rules required it to ensure it carried out proportionate checks. What is proportionate will vary with each lending decision and takes into account things such as (but not limited to): the amount of credit, the size of the repayments, the cost of the credit, the purpose the credit was taken out for and the consumer's circumstances.*

*At the time of the application, Loans 2 Go completed a credit check. This showed that Ms E had active credit commitments of around £1,880, across several unsecured lending accounts. I have seen a copy of the check which shows that one account had previously defaulted. However, as this was over four years prior to the application and the debt had been settled, I think it's reasonable that Loans 2 Go had no concerns in relation to this adverse entry. I can also see that Ms E had recently missed two repayments towards a mail order account. I think that this alone is not cause for concern when considering that she had brought the account up to date and the rest of Ms E's credit check demonstrates her accounts to be well managed, with no sign of any financial struggles.*

*Loans 2 Go also completed an assessment of affordability at the time of Ms E's application. It verified her income to be around £1,025 and used credit reference agency and statistical data to estimate Ms E's monthly expenditure and credit commitments to be around £713. This left a disposable income of around £312. Considering the size of the loan at £1,000 and that the checks revealed no signs of financial difficulty, I think there was no need for Loans 2 Go to complete any further checks. I am satisfied the checks Loans 2 Go completed at the time of the application were proportionate considering the amount of credit Ms E was applying for.*

*However, I don't think that Loans 2 Go made a fair and reasonable lending decision when it approved the loan for Ms E. I say this because the monthly repayments towards the loan were around £205 and this left Ms E with only around £107 monthly disposable income.*

*Loans 2 Go says Ms E's monthly income could have been more than the amount it had verified and as such, her monthly disposable income may have been more in reality. However, Loans 2 Go chose to verify Ms E's income and it was verified at a lower amount, and Loans 2 Go chose to rely on this figure when assessing Ms E's position. Loans 2 Go chose not to rely on the higher monthly income figure Ms E had declared at application. I think it was reasonable of Loans 2 Go to assume that the verified income check was correct and that Ms E's disposable income was as at best £107.*

*Loans 2 Go says that this is an acceptable level of disposable income, but I disagree. I think that it's reasonable to expect a level of unexpected spending each month and fluctuations in regular living costs. Loans 2 Go should have left Ms E with a more reasonable buffer in case of emergencies and other essential unaccounted for spending, particularly for such an extended period of time like 18 months.*

*Loans 2 Go could see from the credit checks that Ms E had revolving credit accounts with no outstanding balance. Had she needed to utilise this credit, the minimum payments for these would have significantly reduced her monthly disposable income, leaving her with no buffer of funds each month and potentially with more outgoings than income.*

*I consider that Loans 2 Go should have realised the loan was unaffordable and unsustainable at the time of application and therefore the decision to lend was unfair.*

*It isn't possible to completely undo the lending decision. However, as I think Ms E shouldn't have been given this loan, I think it's fair and reasonable that she shouldn't have to pay any interest and charges (or any costs for borrowing). But, as she has received the loan capital she borrowed, it's fair she pays that back. I understand the loan has already been settled by Ms E, therefore any refund of interest and charges should be treated as overpayments. Loans 2 Go should also add 8% simple interest per year to these overpayments from the date of each overpayment to the date of settlement. Loans 2 Go should also remove any adverse data it has recorded on her credit file in relation to this loan. This is because any adverse markers would only have been applied as a result of being given a loan she should never have received.*

Ms E agreed with the provisional decision. However, Loans 2 Go disagreed. In summary, it said:

- No further checks were necessary because the credit check showed that Ms E was managing her finances well.
- Additional borrowing wouldn't have caused Ms E financial detriment, or prevent her from maintaining payments on her existing arrangements.
- A reasonable buffer is applied by Loans 2 Go as part of its standard process.
- In similar decisions disposable income hasn't been raised as a concern.

## **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.

As I explained in my provisional decision, I am satisfied the checks Loans 2 Go completed at the time of the application were proportionate considering the amount of credit Ms E was applying for. I therefore agree Loans 2 Go didn't need to check bank statements. However, I think it already had enough information from the checks it completed to show that the decision to lend would be irresponsible.

Whilst I agree the credit check revealed Ms E was generally managing her existing credit commitments well (except for a couple of recent missed payments on one account), this doesn't mean that she would be able to comfortably afford and make sustainable repayments towards additional borrowing. I think it's particularly important to note that the checks Loans 2 Go completed showed that there wasn't much disposable income available to Ms E to make such repayments from.

Previously in its final response letter, Loans 2 Go explained that it estimated Ms E's essential expenditure and credit commitments to total around £712. Loans 2 Go has now explained that this calculation included a buffer for emergency and unaccounted for spending, meaning her essential expenditure and credit commitments were only £500 per month. However, I'm not persuaded Loans 2 Go's expenditure calculations were reasonable. I've seen from the figures it has provided that it estimated Ms E would only be spending £100 collectively each month on food and utility bills. I find this to be unrealistic and it hasn't persuaded me why such a low figure ought to be a reasonable expectation. The original overall figure of £712 per month for all essential expenditure and her credit commitments it provided I find to be more plausible.

At the time of the application Ms E's income was around £1,025 and she had unsecured credit commitments of around £1,880. She also had access to credit which she hadn't utilised. Had she done so, it would have stretched her finances even further. I think that Loans 2 Go should've realised when looking at these figures that Ms E's income was too low to comfortably and sustainably afford the repayments towards the borrowing it was giving her.

Loans 2 Go has referred to other decisions from this Service which it says are similar but reached a different finding. I remind Loans 2 Go that this Service considers all the circumstances of complaints individually and they are assessed on their own merits. I am satisfied that for the reasons above, an unfair lending decision was made in the circumstances of this case.

In reaching my conclusions, I've also considered whether the lending relationship between Ms E and Loans 2 Go might have been unfair to Ms E under Section 140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct Loans 2 Go to do in the section below results in fair compensation for Ms E given the overall circumstances of her complaint. For the reasons I've explained, I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

## **Putting things right**

I direct Loans 2 Go Limited to:

- Refund all interest and charges applied to the loan. If this refund results in an overpayment to the loan, then it should pay that overpayment to Ms E.
- Loans 2 Go Limited should also add 8% simple interest per year on any overpayment amount. This should be calculated from the date Ms E would have repaid the loan (if no interest or charges had been added) to the date of settlement.
- Remove any adverse information recorded on Ms E's credit file.

HM Revenue & Customs requires Loans 2 Go Limited to take tax off the interest part of my award. If Ms E asks for one, Loans 2 Go Limited must give her a certificate showing how much tax it's taken off.

### **My final decision**

For the reasons given above, I uphold this complaint and direct Loans 2 Go Limited to put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 20 February 2026.

Jenny Hiltunen  
**Ombudsman**