

The complaint

Mr G complains that Loans 2 Go Limited (“L2G”) irresponsibly gave him a fixed sum loan agreement he couldn’t afford to repay.

What happened

In August 2024, Mr G applied for a £1,000 loan with L2G. The application was accepted and Mr G was required to pay 18 monthly repayments of £195.56.

Mr G later complained to L2G to say that the loan had been unaffordable to him from the outset. He said that had appropriate checks been completed before lending to him it would have been clear that he could not afford the repayments. However, L2G didn’t agree it had acted unfairly in lending to Mr G.

Our investigator didn’t recommend the complaint be upheld. They didn’t think L2G had made an unfair lending decision in granting the loan.

Mr G didn’t agree, so the complaint has been passed to me for a decision.

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.

Before lending to Mr G, L2G needed to complete checks to ensure the borrowing was likely to be affordable to him. There isn’t a set list of checks that needed to be completed. The rules and guidance in place set out that any checks had to be proportionate to the specific circumstances of the 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 regular repayments, the term, the cost of borrowing and Mr G’s circumstances.

As part of the application Mr G declared that he was employed earning around £2,500 per month. L2G says it used credit reference agency data to validate what Mr G had declared, it says this check confirmed that what Mr G had said was likely to be broadly correct.

Mr G also declared his regular essential expenditure including housing, food, utilities and transport to be around £180 per month. L2G says that it thought this figure was too low, so it used statistical data to estimate what Mr G’s essential expenditure was likely to be. It also completed a credit check to establish what Mr G was paying towards existing credit commitments. It says it calculated Mr G’s expenditure was likely to be around £900 per month and on this basis it was satisfied the loan would be affordable to him.

I’m not persuaded L2G’s affordability checks were reasonable and proportionate in this case. I think it should have done more to satisfy itself of what Mr G’s actual financial circumstances were likely to be rather than relying on statistical estimates. I say this for several reasons.

Mr G had declared on the application that he had no credit commitments. L2G established this wasn’t true. It clearly also wasn’t persuaded that Mr G had given an accurate declaration

of his living costs. So, I don't think it could realistically rely on what he had said about his income either. While L2G says it used credit reference agency data to validate Mr G's income, that method has some limitations and in circumstances such as these where it couldn't reasonably rely on other information Mr G had supplied, I think it should have done more.

Further, the credit check showed that Mr G had relatively recently been in quite significant financial difficulty. As recently as ten months prior to the application several of his credit commitments had been significantly in arrears and he had agreed numerous repayment plans with other creditors. While Mr G appeared to have been managing his credit commitments well in the six months prior to this application, he had also taken out three new unsecured credit commitments in the previous three months. I think this ought to have concerned L2G that Mr G's previous financial difficulties might not have been resolved. I consider it needed to do more to verify Mr G's actual essential expenditure rather than relying on statistical estimates.

I can't be sure what additional evidence L2G would have gathered had it completed proportionate affordability checks. Mr G has provided us with copies of his current account statements for the months just before the lending took place. In the absence of anything L2G did at the time, I think I can place significant weight on the information contained in these bank statements as to what L2G would most likely have discovered had it done more.

Having reviewed Mr G's statements, it appears his income was lower than he declared, at around £2,000 per month. The statements don't indicate that Mr G's essential expenditure exceeded the figure L2G had estimated. However, Mr G was regularly transferring large sums to other accounts. We've asked Mr G for copies of the statements for those accounts, but he hasn't been able to provide them. While it's possible Mr G's essential expenditure might have been much higher and that he couldn't afford the loan repayments to L2G, I've not been presented with any persuasive evidence to show that to be the case. Nor have I seen anything to persuade me that more detailed affordability checks by L2G would most likely have revealed any concerns about his ability to repay the loan in a sustainable way. I therefore don't think L2G made an unfair lending decision.

In reaching my conclusions, I've also considered whether the lending relationship between L2G and Mr G might have been unfair to Mr G 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 G 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.

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 G to accept or reject my decision before 13 April 2026.

Tero Hiltunen
Ombudsman