

The complaint

Mr S has complained that Loans 2 Go Limited (“L2G”) gave him a loan when he was in financial difficulties. Mr S has also complained about the cost of the credit that was advanced.

What happened

Mr S was advanced one loan of £600 on 4 December 2024, and he was due to make 18 monthly repayments of £117.33. If Mr S repaid the loan in line with the credit agreement, he would’ve repaid a total of £2,111.94. My understanding is that there is still an outstanding balance.

Following Mr S’s complaint in June 2025, L2G explained it wasn’t going to be upholding the complaint because the cost of credit was set out in the credit agreement. This complaint was then referred to the Financial Ombudsman.

However, after the complaint was referred here another complaint was set up and investigated by L2G with regards to the affordability of the loan. The second final response was issued in November 2025, and this explained the checks it carried out which demonstrated Mr S would be in a position to afford the loan.

An Investigator then issued an assessment saying the loan ought to not have been granted because of the information contained within the credit search results L2G received. Mr S agreed with the outcome but L2G didn’t. L2G said, while Mr S did have some accounts in arrears, he was managing his other accounts as expected and while Mr S had high credit utilisation, he was still within his limits. L2G will lend to consumers with some adverse credit file data.

As no agreement could be reached the complaint has been passed to me to decide.

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/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. And I’ve used this approach to help me decide Mr S’s complaint. Having carefully considered everything I’ve decided to uphold Mr S’s complaint. I’ll explain why in a little more detail.

L2G needed to make sure it didn’t lend irresponsibly. In practice, what this means is it needed to carry out proportionate checks to be able to understand whether Mr S could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks

were proportionate. Generally, we think it's reasonable for checks to be less thorough – in terms of how much information is gathered and what is done to verify it – in the early stages of a lending relationship.

But we might think more needed to be done if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a firm to be able to show that it didn't continue to facilitate loans to a customer irresponsibly.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr S's complaint.

Mr S declared he received an income of £2,000 per month from full time employment. L2G says Mr S's income figure was verified through a credit reference agency and the result of that check indicated Mr S's income was at least £1,912.

As part of the application data provided by L2G, Mr S gave details of his outgoings. However, as part of the assessment L2G considered averages from the Office of National Statistics data (ONS), and any values given by Mr S which fall below the ONS averages would be uplifted to the ONS value. Following the expenditure check it believed Mr S's monthly outgoings came to £1,595.49.

Based on the figure Mr S declared, and when taking into account the amount of expenditure that L2G discovered from its own checks, it still appeared that Mr S had sufficient disposable income to afford the loan.

As well as assessing Mr S's income and expenditure, L2G, also carried out a credit search and it has provided the results it received from the credit reference agency. This is the crux of the issue here, that the credit search results were sufficiently concerning that it ought to have led to L2G not lending to Mr S.

Superficially, there wasn't adverse data such as insolvencies or County Court Judgements. I have also seen the defaults, but these were reported more than two years before the loan was granted so I do think that it would've been reasonable for L2G to not have been overly concerned that these defaults showed that Mr S was in financial difficulty. But there was other information within the credit file that ought to have led L2G to conclude Mr S couldn't afford to take on any further lending.

Having looked at the credit search results, I agree with the Investigator because Mr S had

- A credit card account that was over its credit limit and had recently been reported as being in arrears.
- A loan that Mr S had opened in January 2024 was now subject to a repayment plan and had been the case for the previous two months.
- Mr S was over his overdraft limit on one of his current accounts.
- Mr S also had at least four current accounts that were at their overdraft limits and the balances on the overdraft accounts accounted for most of his income. I accept that there wasn't an expectation these would be repaid straightaway and each month. But this does show that Mr S already had a number of accounts that were not only at their limit but also would require payments each month to service and repay.
- Mr S had opened at least eight new credit accounts within the year before the loan was approved.

I do think this information was enough for L2G to conclude this loan shouldn't have been lent because Mr S was likely having current financial difficulties given the recent missed payments and the repayment plan that had been agreed with another loan provider.

I've noted what L2G has said it shouldn't have automatically declined the application due to some adverse credit file data. But the credit file data was showing that Mr S was struggling to meet his existing creditors so I am not sure why – knowing this I would've felt Mr S could afford to take on further credit.

I think L2G had information which meant Mr S was unlikely to be able to afford the payments to this loan, without undue difficulty. It therefore follows that Mr S is currently expected to pay interest, fees and charges on a loan that he shouldn't have had. So, I'm satisfied that Mr S has lost out and L2G should put things right for him as set out below.

Mr S has also raised concerns about the cost of the loan. But as I've upheld the complaint because L2G ought to not have approved the loan then I have no need to investigate the cost. I say this because the redress below sets out that Mr S only has to repay the capital sum he borrowed. Anything he has paid above that should be refunded to him.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr S 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.

Putting things right

L2G shouldn't have provided the loan to Mr S, and the redress below puts him in the position, as far as possible, as if the loan hadn't been granted.

- remove all interest, fees and charges applied to Mr S's loan from the outset. The payments Mr S made, to L2G, should be deducted from the new starting balance – the £600 originally lent. If Mr S has already paid L2G more than £600 then it should treat any extra as overpayments. And any overpayments should be refunded to Mr S;
- add interest at 8% per year simple on any overpayments, if any, from the date they were made by Mr S to the date of settlement*
- however, if an outstanding balance still remains due then L2G should try and work with Mr S to repay what is owed.
- if no outstanding balance remains after all adjustments have been made, all adverse information L2G recorded about this loan should be removed from Mr S's credit file.

*HM Revenue & Customs requires L2G to deduct tax from this interest. L2G should give Mr S a certificate showing how much tax it has deducted, if he asks for one.

My final decision

For the reasons I've outlined above, I am upholding Mr S's complaint.

Loans 2 Go Limited should put things right for Mr S as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 May 2026.

Robert Walker
Ombudsman

