

## **The complaint**

Mr C complains that Loans 2 Go Limited trading as Loans 2 Go (L2G) lent irresponsibly when it approved his loan application.

## **What happened**

Mr C applied for a loan of £250 in July 2025. In his application, Mr C said he was renting his home at £250 a month and employed with a net monthly income of £1,720. L2G used a tool provided by a credit reference agency to help verify Mr C's income and a figure of £1,323 was returned the used in its affordability assessment.

Mr C's credit file showed he had existing debts totalling £6,924. The credit file shows Mr C had opened 10 new credit commitments in the previous year of which nine were opened in the four months before his L2G application. A loan Mr C opened three months before his L2G application was subject to a payment arrangement.

An affordability assessment was completed taking Mr C's income, rent, general living expenses and credit commitments into account. L2G says Mr C had a disposable income of around £220 a month after his existing outgoings were met.

L2G approved Mr C's application and loan funds of £250 were issued to Mr C. Interest was charged at 678.9% APR with a total amount repayable of £880.02 over an 18 month term with payments of £48.89.

More recently, Mr C complained that L2G lent irresponsibly and it issued a final response. L2G said it had carried out the relevant lending checks before approving Mr C's application and didn't agree it lent irresponsibly.

An investigator at this service upheld Mr C's complaint. They thought the way Mr C had taken on new debts in the year before his application showed he was borrowing at an unsustainable rate and asked L2G to refund all interest, fees and charges applied to his loan. L2G didn't agree and said it was a subprime lender that accepted borrowers with some adverse information on their credit file. As L2G asked to appeal, Mr C's complaint has been passed to me to make 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 agreeing to lend, the rules say L2G had to complete reasonable and proportionate checks to ensure Mr C could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;

- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information L2G used when considering Mr C's application above. I can see Mr C's income was verified and a figure of £1,323 a month was used in the affordability assessment which is reasonable. L2G asked Mr C about his rent and took his general living expenses into account when completing the affordability assessment. L2G also found details of Mr C's existing debts and monthly repayments on his credit file which were included in the affordability assessment as well. On paper, it does appear there was capacity for the new loan payments of £48.89 in Mr C's income. But I think the investigator made a reasonable point when the highlighted Mr C's borrowing history on his credit file.

L2G's response to the investigator explained it accepts some adverse information as it's a subprime lender. But the investigator's view was reached not because of adverse information like County Court Judgements, it was reached on the amount of new credit Mr C obtained in the previous year and, in particular, the four months before his application was made. I've looked at Mr C's credit file and found the following new credit commitments were opened in the 12 months before his application:

- November 2024 credit card with limit of £750 and balance of £728
- March 2025 loan with balance of £920 and payments of £58
- March 2025 loan with balance of £212 and payments of £84
- April 2025 loan with balance of £1,679 and payments of £73
- April 2025 loan with balance of £1,902 and payments of £108 that was subject to an arrangement to pay
- May 2025 loan with payments of £7 a month – settled
- May 2025 credit card with limit of £50 and balance of £49
- May 2025 credit card with limit of £900 and balance of £897
- May 2025 loan with balance of £77 and payments of £7
- June 2025 credit card with limit of £250 and balance of £225

I think Mr C's credit file shows he had become increasingly reliant on credit to make ends meet and was borrowing at an unsustainable rate when taking his income and circumstances into account. I note a loan Mr C obtained in April 2025 was already subject to a new arrangement to pay in the month his application to L2G was made. Given that loan had only been opened for two months before the arrangement to pay was agreed, I think there were clear signs Mr C was already struggling with his existing level of repayments.

Even accepting L2G is a subprime lender, I think the way Mr C was borrowing in the year before his application showed he was reliant on credit and already struggling with his existing repayments. In the circumstances, I haven't been persuaded L2G lent responsibly when it approved Mr C's application. As a result, I'm upholding Mr C's complaint and directing L2G to refund all interest, fees and charges applied.

I've considered whether the business acted unfairly or unreasonably in any other way including 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 below results

in fair compensation for Mr C 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**

My decision is that I uphold Mr C's complaint and direct Loans 2 Go Limited trading as Loans 2 Go to settle as follows:

Add up the total repayments Mr C has made and deduct these from the total amount of money he received.

- a) If this results in Mr C having paid more than he received, any overpayments should be refunded along with time weighted Bank of England base rate plus 1% simple interest per year\* (calculated from the date the overpayments were made until the date of settlement). † Loans 2 Go should also remove all adverse information regarding this account from Mr C's credit file.
- b) If any capital balance remains outstanding, then Loans 2 Go should arrange an affordable and suitable payment plan with Mr C. Once Mr C has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

† HM Revenue & Customs requires Loans 2 Go to take off tax from this interest. Loans 2 Go must give Mr C a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 7 May 2026.

Marco Manente  
**Ombudsman**