

The complaint

Miss B complains that Loans 2 Go Limited (L2G) lent irresponsibly when it approved her loan application.

What happened

Miss B had previously opened a L2G loan for £300 plus interest in May 2025. In November 2025 Miss B applied to refinance the loan and borrow £482.10 plus interest. The total loan amount was £1,697.04 with monthly payments of £94.28 over an 18 month term.

In her application, Miss B said she had a monthly income of £1,450 and L2G used a third party service to verify that figure. The response L2G got confirmed a net monthly income of £1,260. L2G completed a credit search and found no adverse credit like County Court Judgements or defaults. The credit file showed Miss B owed around £1,700 at the point of application. Miss B's credit file also showed she'd opened eight new loans in the preceding seven months and was in arrears with a current account that had been opened around a year before.

An affordability assessment was completed that reached the view Miss B had a disposable income of around £200. L2G approved Miss B's application, refinanced the existing loan and released the remaining funds to Miss B.

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

An investigator at this service upheld Miss B's complaint. Whilst they thought the lending checks completed by L2G were proportionate to the amount and type of credit Miss B applied for, they thought the number of new loans she'd opened in the preceding months shows she was reliant on credit to make ends meet. The investigator wasn't persuaded L2G lent responsibly and asked it to refund all interest, fees and charges applied to the loan.

Miss B accepted and L2G asked to appeal. L2G said it had explained how the loan was assessed and why it was affordable for Miss B. L2G also said it didn't agree with the claim Miss B was struggling financially and that payments to all lenders were up to date prior to borrowing, indicating she had sufficient funds for repayments. L2G also noted it's a subprime lender. As L2G asked to appeal Miss B'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 Miss B 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 considered when looking at Miss B's application above. I can see L2G verified Miss B's net monthly income, checked her credit file, obtained details of her other debts and borrowing history, completed an affordability assessment and reached the view there was sufficient disposable income to afford the new loan payments. On the surface, the refinanced loan appeared affordable in November 2025. But I think our investigator made a reasonable point when they highlighted the way Miss B was borrowing in the seven months before her application in November 2025. I further note that whilst L2G has said there were no active arrears, one of Miss B's current accounts was in arrears in November 2025.

Miss B's credit file shows she had opened eight new loans of between £200 and £1,000 in the seven months before her application to L2G. Whilst the loans didn't show arrears, the large amount of applications for modest loan amounts strongly indicates Miss B was reliant on them to make ends meet. I also think the fact Miss B was applying to refinance her original loan whilst only part way through its existing term, in addition to all the other loans she'd taken out, shows she was unlikely to be borrowing in a sustainable way. I think the November 2025 application should've led L2G to take a wider view of Miss B's circumstances and borrowing history and taken the decision not to proceed on the basis it wasn't sustainable. Overall, I haven't been persuaded L2G lent responsibly when it approved Miss B's loan in November 2025. As a result, I intend to uphold Miss B's complaint and direct L2G to refund all interest, fees and charges applied to the loan from the date of approval.

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 Miss B in the circumstances of their 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 Miss B's complaint and direct Loan 2 Go Limited to settle as follows:

Add up the total repayments Miss B has made and deduct these from the total amount of money received.

- a) If this results in Miss B having paid more than she 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 Miss B's credit file.

- b) If any capital balance remains outstanding, then Loans 2 Go should arrange an affordable and suitable payment plan with Miss B. Once Miss B has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 14 May 2026.

Marco Manente
Ombudsman