

## **complaint**

Mr H complains that his loans from Loans 2 Go Limited were unaffordable and shouldn't have been made to him – and he says that his mental health and gambling issues weren't properly considered.

## **background**

Loans 2 Go made two log-book loans, which were secured on his car, to Mr H. The first was made in December 2015 for £400 over twelve months with eleven repayments of £77.33 and a final repayment of £73.37. And the second was made in June 2016 for £500 over twelve months with eleven repayments of £96.67 and a final repayment of £96.63. Mr H repaid that loan in August 2016 but he complained to Loans 2 Go in November 2017 that the loans were unaffordable and shouldn't have been made to him. He wasn't satisfied with its response so complained to this service.

The investigator didn't recommend that this complaint should be upheld. He thought that Loans 2 Go had carried out sufficient checks based on the amounts borrowed and that the loans were affordable for Mr H. And he didn't think that it would've been apparent to Loans 2 Go that Mr H was in financial hardship and his gambling issues weren't disclosed to Loans 2 Go.

Mr H has asked for his complaint to be considered by an ombudsman. He says that the second loan shouldn't have been issued because he didn't approach Loans 2 Go for it but they offered it to him and that further checks would've shown that he was struggling financially and with gambling. He also says that he has suffered mental health issues and that, some months, a family member had to make his payment and, other months, he was late paying and had to be chased.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

A lender should make proportionate checks about the affordability of a loan before lending to a customer. What is proportionate will depend on the circumstances of the loan. Loans 2 Go says that it conducted an affordability assessment before each loan was made to Mr H which considered his income and expenditure, his testimony and a review of his credit file.

The first loan was made to Mr H in December 2015 for £400 over twelve months with eleven monthly repayments of £77.33 and a final repayment of £73.37. Mr H's application form – which he signed - shows that his monthly income was £1,650 and his monthly expenditure was £665. And he said that he didn't have any other regular loan or card repayments. He also said that the loan was for Christmas expenses and that he was expecting a £2,000 Christmas bonus later that month. I consider that it would've been proportionate for Loans 2 Go to have asked Mr H about his monthly income – and I can see that it obtained information to show that his monthly income was £1,650. I don't consider that there was any requirement for it to make any additional checks but Loans 2 Go also obtained monthly expenditure information from Mr H and reviewed his credit file at that time. I'm not persuaded that his credit file showed that it would be irresponsible for it to have made the loan to him or that he couldn't afford the monthly repayment. I consider that Loans 2 Go made proportionate checks before the loan was made to Mr H. And I consider that it was

reasonable for it to conclude that a loan of £400, with a highest monthly repayment of £77.37, was affordable for him from a declared monthly income of £1,650.

Mr H did incur some late payment fees but he made six payments of at least the monthly repayment and then repaid the loan early in June 2016 when he took out the second loan. Mr H says that some of those payments were made by family members – but that doesn't show that the loan was unaffordable for him or that it was irresponsible for Loans 2 Go to have made the second loan to him. The second loan was for £500 over twelve months with eleven repayments of £96.67 and a final repayment of £96.63. Mr H repaid that loan in August 2016. He completed another application form for the second loan – which he signed – and he said that the loan was for home improvements and that he was expecting a work bonus of £1,200 in October. So I consider it to be more likely than not that he did want the second loan and was happy for it to be made to him (even if the initial approach about the loan had been made by Loans 2 Go).

The application form shows that Mr H's monthly income was £1,700 and his monthly expenditure was £935 (including £125 on loan and credit card repayments). I consider that it would've been proportionate for Loans 2 Go to have asked Mr H about his monthly income – and I can see that it obtained information to show that his monthly income was £1,700. I don't consider that there was any requirement for it to make any additional checks but Loans 2 Go also obtained monthly expenditure information from Mr H and reviewed his credit file at that time. I'm not persuaded that his credit file showed that it would be irresponsible for it to have made the loan to him or that he couldn't afford the monthly repayment. I consider that Loans 2 Go made proportionate checks before the second loan was made to Mr H. And I consider that it was reasonable for it to conclude that a loan of £500 with a highest monthly repayment of £96.67 was affordable for him from a declared monthly income of £1,700.

I'm not persuaded that there's enough evidence to show that Mr H told Loans 2 Go about his gambling problem or his mental health issues. And I don't consider that there was any requirement for it to have made any additional checks before it made the loans to him. So I'm not persuaded that there's enough evidence to show that it knew – or ought to have known – about those issues.

And I'm not persuaded that there's enough evidence to show that the loans weren't affordable for Mr H at the times that they were made – and I don't consider that Loans 2 Go acted irresponsibly in making the loans to him. So I find that it wouldn't be fair or reasonable in these circumstances for me to require Loans 2 Go to refund to Mr H any of the interest or charges that he paid on the loans – or to take any other action in response to his complaint. The investigator has provided Mr H with some information about debt advice. But if Mr H hasn't already done so, I suggest that he contacts one of the organisations that provide help with gambling problems. One such organisation is GamCare ([www.gamcare.org.uk](http://www.gamcare.org.uk) – 0808 8020 133) which is a provider of information, advice, support and free counselling for the prevention and treatment of problem gambling.

### **my final decision**

For these reasons, my decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 September 2018.

Jarrold Hastings  
**ombudsman**