

complaint

Mr M complains that Loans 2 Go Limited ("L2G") irresponsibly gave him a number of loans he couldn't afford to pay.

background

As far as I can see, Mr M was given twelve loans between August 2015 and October 2018. The loans were a mixture of logbook loans and unsecured personal ones.

One of our investigators looked at Mr M's complaint. She thought that proportionate checks would've stopped L2G from giving Mr M this loan and so she upheld the complaint.

L2G disagreed with our investigator's assessment. It said that it no longer had any information about Mr M's loan but was prepared to refund 50% of the interest Mr M paid, plus interest at 8%, as a gesture of goodwill. As L2G disagreed with our investigator the case was passed to an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr M's complaint.

Having carefully considered everything I've been provided with, I'm upholding Mr M's complaint.

Our investigator set out that bearing in mind the amount advanced, the interest rate and the number of loans involved she thought it would've been reasonable and proportionate for L2G to have had a good understanding of Mr M's actual financial position before lending to him. She also set out that a reasonable understanding of Mr M's financial position would more likely than not have shown that he was gambling unsustainable amounts of money and so his ability to repay his loans was in large part due to his success as a gambler.

I've carried out my own review, looked at everything afresh and reached my own conclusions. And having done so, I also think that proportionate checks would've involved L2G having a reasonable understanding of Mr M's actual financial position before lending to him.

L2G's response to us said that Mr M never called it to inform of his gambling and resultant financial difficulty. But I think that this somewhat misses the point here as L2G ought reasonably to have been aware of this matter bearing in mind proportionate checks would more likely than not have shown this.

So it seems to me that either L2G carry out proportionate checks and unfairly lent to Mr M – more likely than not knowing about his gambling, or it didn't know about his gambling and its check weren't proportionate – although I note that three of these loans were provided after Mr M's complaint.

Either way, in these circumstances, I'm satisfied that it's more likely than not that L2G unfairly and unreasonably provided Mr M with all twelve of his loans.

As Mr M paid interest and charges on loans that he shouldn't have been given, I think that Mr M lost out because of L2G unfairly providing him with these loans. So I'm upholding Mr M's complaint and L2G needs to put things right.

what L2G should do to put things right

To put things right for Mr M, L2G should:

- refund the interest and charges Mr M paid on all of his loans;
- add interest at 8% per year simple on all refunded payments from the date they were made to the date of settlement †;
- remove any adverse information recorded on Mr M's credit file as a result of these loans.

†HM Revenue & Customs requires L2G to take off tax from this interest. L2G must give Mr M a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons given above, I'm upholding Mr M's complaint. Loans 2 Go Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr M to accept or reject my decision before 16 January 2020.

Jeshen Narayanan
ombudsman