

The complaint

Mr J says Loans 2 Go Limited irresponsibly lent to him.

What happened

Mr J took out a 24-month instalment loan for £1,500 from Loans 2 Go on 21 June 2021. The monthly repayments were £181 and the total repayable was £4,344.

Mr J says the loan was unaffordable and he took it out when his mental health was deteriorating. Our adjudicator said Mr J's complaint should be upheld. She said Loans 2 Go had not made a fair lending decision based on the results of the checks it completed. She said the lender must remove all interest and charges from the loan account and use the repayments Mr J made to reduce the capital. It must agree an affordable repayment plan with Mr J for any outstanding capital balance and remove any negative information recorded on Mr J's credit file.

Loans 2 Go accepted this assessment and agreed to put things right as the adjudicator had instructed.

Mr J asked for an ombudsman's review. He accepted the assessment of the lending decision, but wants the loan to be written off in full and the entry removed from his credit file.

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.

Our approach to unaffordable/irresponsible lending complaints is set out on our website and I've followed it here.

As both parties now accept that Loans 2 Go was wrong to lend to Mr J, I will focus here on the issue that remains in dispute: what Loans 2 Go must do to put things right.

I think the steps the adjudicator set out and that the lender has agreed to are fair. I say this as Mr J has had the benefit of the money he borrowed. He's told us he was struggling with his mental health when he applied, and has provided evidence of his situation in September 2021. I am sorry he's had to deal with this.

But I haven't seen any evidence that Loans 2 Go would have been – or ought to have been – aware that Mr J's capacity to make financial decisions might be limited at the time he applied for the loan. And once it became aware in September 2021, and Mr J went on to formally complain, I think it responded appropriately when it offered to write off all interest and charges and to agree an affordable repayment plan. It follows I am not instructing Loans 2 Go to write off the debt. But I would urge it to ensure it fully considers Mr J's circumstances when agreeing a repayment plan.

I have also considered whether Loans 2 Go acted unfairly or unreasonably towards Mr J in some other way. Mr J was unhappy with the interest rate charged. I accept the APR was

high, but Mr J had to actively engage in the application process, so I think it's likely that he was aware of what he was agreeing to pay. I haven't seen anything which makes me think that Loans 2 Go treated Mr J unfairly or breached industry practice regarding interest charges. But the interest and charges will be refunded anyway as it has been agreed the loan shouldn't have been given.

Putting things right – what Loans 2 Go needs to do

It should:

- Remove all interest, fees and charges applied to the loan
- Treat any payments made by Mr J as payments towards the capital amount of £1,500
- Agree a reasonable repayment plan with Mr J for the outstanding balance
- Remove any adverse information about the loan from Mr J's credit file

My final decision

I am upholding Mr J's complaint. Loans 2 Go Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 July 2022.

Rebecca Connelley
Ombudsman