

## **The complaint**

Mr H complains that Loans 2 Go Limited was irresponsible in its lending to him. Mr H is represented by a third party but for ease of reference I have referred to Mr H throughout this decision.

## **What happened**

Mr H was provided with two loans by Loans 2 Go, one in May 2020 and the second in January 2021. Mr H says that adequate checks weren't carried out before the loans were provided. He says that his credit report from the time showed he had other debts outstanding and that he had recent missed payments.

Loans 2 Go issued a final response letter dated 1 February 2023. It said that when processing loan applications it carries out checks to determine whether information provided by the applicant is accurate including an income check. It undertakes a credit check to assess the applicant's credit worthiness an indebtedness and uses third party data to estimate average monthly expenditure. It said that based on its checks the loans were affordable for Mr H.

Mr H wasn't satisfied with Loan 2 Go's response and referred his complaint to this service.

Our investigator didn't uphold this complaint. She thought the checks carried out by Loans 2 Go before the loans were provided were reasonable. She didn't think the checks raised any concerns that meant the lending shouldn't have been provided and said the information received suggested the loans were affordable.

Mr H didn't agree with our investigator's view. He said his credit file at the time didn't provide a positive picture of his finances and he wasn't managing his credit commitments well. He said he had exceeded his credit limit and had late payments recorded.

## **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 considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr H was provided with two loans by Loans 2 Go, each for £1,000. The first was provided in May 2020, with an 18-month term and monthly repayments of around £228. Mr H repaid this loan early in August 2020. The second loan was provided in January 2021, and also had an 18-month term with monthly repayments of around £228. Mr H repaid this loan early in April 2021.

Before the loans were provided Loans 2 Go gathered information about Mr H's income and carried out an income check. It undertook a credit check and gathered information about his expenses. Noting the size of the loan and repayments compared to Mr H's income I find that these checks were proportionate.

However, just because I consider the checks carried out were reasonable, this doesn't necessarily mean that the lending was responsible. To assess this, I have looked at the results of the checks carried out by Loans 2 Go to consider whether the information it received should have raised concerns about the affordability of the loans or that the provision of these wasn't responsible.

#### *Loan 1 - May 2020*

As part of the application process, Mr H declared a monthly income of £2,875. Loans 2 Go has said that it carries out an income check. Mr H has provided copies of his bank statements from the time and based on these; I find it reasonable that the declared income was relied on. I have looked at the credit report information provided, and this showed no recent defaults or county court judgements and while there were missed payments, I do not find that the results from the credit search were such that Loans 2 Go should have considered Mr H to have been in financial difficulty and not provided the loan.

I have assessed whether the loan repayments should have been considered affordable. Mr H's credit check showed he had a mortgage with monthly repayments of £763 and an outstanding loan with monthly repayments of £103. He also had an overdraft and outstanding balance on his credit card. I can see in the affordability assessment that Mr H's other credit commitments were considered and based on the information I have seen I do not find I have enough to say that the loan repayments should have been considered unaffordable for Mr H. I note that Mr H settled the loan early in August 2020.

#### *Loan 2 – January 2021*

As part of the application process, Mr H declared a monthly income of £3,900. Having looked at the additional information provided; I find it reasonable that the declared income was relied on. The results of Mr H's credit check showed no recent defaults or county court judgements and while I can see he had missed a few payments his accounts were generally well managed and where payments had been missed the accounts had then been brought up to date. So, I do not find that the credit check raised concerns that meant the loan shouldn't have been provided.

I have assessed whether the loan repayments should have been considered affordable. Mr H's credit check showed he had a mortgage with monthly repayments of £771 and a balance outstanding on his credit card. He had recently settled a loan and while he has provided information that he had recently taken out another loan, as this wasn't on his credit report, I do not find I can say that Loans 2 Go should have been aware of this. Taking this information into account, I do not find that it suggested the loan was unaffordable.

While I understand my decision will be disappointing for Mr H, in this case I do not find I can say the lending was irresponsible, therefore I do not uphold this complaint.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 March 2024.

Jane Archer  
**Ombudsman**