

The complaint

Mr V complains that Loans 2 Go Limited didn't treat him fairly when he took out a loan with it.

What happened

Mr V took out a loan of £1,000 with Loans 2 Go on 25 May 2022. The total amount owed was £3,700.08 to be repaid in instalments of £205.56 over 18 months. I understand that Mr V made one full payment towards the loan before his account went into arrears. The debt was sold to a third party in March 2023.

Mr V complained to Loans 2 Go in June 2023. He didn't agree with the outstanding amount that had been sold to the third party because he said Loans 2 Go had frontloaded the interest and should not have done so. He also said that he hadn't signed the loan agreement and asked for a copy. Mr V also asked Loans 2 Go about the checks it performed when agreeing to the loan.

Loans 2 Go sent Mr V a final response explaining that he had signed the loan agreement and the interest applied to his account was frontloaded in line with the terms and conditions of the loan. Loans 2 Go didn't uphold Mr V's complaint.

Mr V referred his complaint to us. He told us that he borrowed money from Loans 2 Go when he was in a desperate situation. He said he didn't read or sign any documents but he did take the loan and had made repayments. Mr V said that Loans 2 Go should not have sold the debt to a third party with all of the interest frontloaded and he'd had no idea how high the interest was. Mr V also said that Loans 2 Go had no evidence of his signature except a computer-generated print of his name. In order to resolve his complaint Mr V asked that Loans 2 Go buys the loan back from the third party, applies the payments he has made to the balance and agrees a different interest rate and a repayment plan.

One of our investigators looked into Mr V's complaint. They didn't find that Loans 2 Go had made mistakes in its dealings with Mr V or treated him unfairly and so didn't recommend that his complaint be upheld.

Mr V didn't agree with this recommendation and asked for his complaint to come to an ombudsman to decide and it came to me. I issued a provisional decision on 2 February 2024 explaining why I didn't plan to uphold Mr V's complaint and sharing the information I'd relied on. I allowed time for either party to comment on what I'd said or provide any new information they wished me to consider. I haven't had any responses.

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.

Having reviewed everything again and, having no further comments or new information to consider, I see no reason to depart from my provisional conclusions. I'll set out again my reasons for not upholding Mr V's complaint in this final decision.

As before, I've had regard to the regulator's rules and guidance on responsible lending (set out in its consumer credit handbook – CONC) which lenders, such as Loans 2 Go, need to abide by. Loans 2 Go will be aware of these, and our approach to this type of lending is set out on our website, so I won't refer to the regulations in detail here but will summarise them.

Before entering into a credit agreement, Loans 2 Go needed to check that Mr V could afford to meet his repayments out of his usual means for the term of the loan, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks needed to be proportionate to the nature of the credit (the amount borrowed, for example) and take into consideration Mr V's circumstances. Loans 2 Go needed to provide Mr V with clear, fair and not misleading information about his agreement, treat him fairly in all its dealings with him and pay due regard to his interests.

The questions I've considered are did Loans 2 Go carry out proportionate affordability checks before lending to Mr V and did the checks show anything of concern? Did Loans 2 Go provide sufficient, clear information to Mr V about the loan and did it treat him fairly and with due regard to his interests throughout?

Loans 2 Go relied on information Mr V provided in his loan application and what it saw from his credit file. Mr V declared a net monthly income of £8,800 and Loans 2 Go verified this with his April and May payslips. He gave his monthly expenses as £5,460 including his housing, living and credit commitments. Mr V's credit file showed he had credit card balances of £9,165 and a loan balance of £195, with no recent adverse information recorded against his accounts.

Altogether, I don't think there was anything in the information Loans 2 Go had about Mr V's circumstances that should have led it to decline his application or prompted it to complete further checks before entering into the agreement. Mr V's existing credit repayments along with his payment for this new loan weren't so large relative to his means that there was an obvious risk of him not being able to meet his repayments without difficulty. In this context and considering the amount he was borrowing, I've concluded that the checks Loans 2 Go carried out on this occasion were reasonable and proportionate, and it didn't do anything wrong by entering into the agreement with Mr V on the basis of the information it had.

Loans 2 Go provided a copy of the credit agreement. It sets out the information I'd expect to see: the interest charged; the total amount owed and how it was to be repaid, for example. The agreement explains that the interest is charged at a simple fixed interest rate on the amount of credit for the term and is applied to the account in full at the start. It also sets out how to withdraw from the agreement or repay it early.

Loans 2 Go said that when Mr V completed the online application, he was informed that in order to sign the agreement he needed to accept a borrower declaration, type in his surname, then click an "I accept button". The copy of the agreement I've seen has Mr V's surname alongside the date and lender signature, and I'm satisfied that Mr V was aware through this process that he was entering into a legally binding agreement.

Loans 2 Go provided its customer contact notes which are time stamped. They show that Mr V emailed Loans 2 Go on 28 May 2022 to query the first repayment date which he said was shown on the loan agreement as the 25 June. While I think it's likely Mr V had seen the agreement before then, he had read a copy of it by that point. I think Mr V had the information he needed to withdraw from the agreement if he didn't agree with any aspect of it or if it wasn't as he expected. Altogether, I've concluded that Loans 2 Go provided Mr V with sufficient, clear information for him to make an informed decision about the agreement.

Loans 2 Go provided an account statement which shows that Mr V made a payment of £205.56 in June 2022. He made another the following month but it was returned. Loans 2 Go wrote to Mr V about his arrears in August. It sent him a notice of default in September 2022 and a final demand notice in October. When Mr V got in touch in November, Loans 2 Go asked him to complete an income and expenditure form in order to set up a repayment plan. In December, Mr V told Loans 2 go that he'd completed the form and offered to pay £75 a month from January 2023. Mr V made a payment of £75 on 3 January but nothing further leaving an outstanding balance of £3,419.52.

On 18 February Loans 2 Go sent Mr V an arrears notice and on 21 March 2023 the debt was sold to a third party. I've seen an account statement produced by the third party dated 7 June 2023 which shows a balance of £3,419.52, so I don't think Loans 2 Go sold the debt without taking into account the payments made by Mr V. Loans 2 Go had provided Mr V with an early settlement figure which was lower than this balance, but this was only valid if it was paid in full by the settlement date.

In summary, I've found that Loans 2 go wasn't irresponsible to enter into the agreement with Mr V. It provided him with sufficient, clear information about the loan and didn't treat him unfairly when he didn't meet his repayments or when it sold the outstanding balance to a third party. I appreciate that this will be disappointing for Mr V but, having considered all the information I have and what both parties have told me, I am not upholding his complaint.

My final decision

For the reasons I've explained above I am not upholding Mr V's complaint about Loans 2 Go Limited and it doesn't need to take any action in this regard.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 20 March 2024.

Michelle Boundy
Ombudsman