

The complaint

Mrs C complains that Loans 2 Go Limited (“Loans 2 Go”) shouldn’t have lent to her because it ought reasonably to have realised that she might struggle to make her repayments.

Mrs C has brought her complaint through a representative, so references to her submissions and arguments include those made on her behalf.

What happened

Loans 2 Go approved a loan of £300 for Mrs C in October 2020. The loan was to be repaid at £68.57 per month over an 18 month period.

Mrs C says they were wrong to provide credit as it wasn’t affordable for her.

Loans 2 Go disagree. They say that when they approved the loan they used a combination of credit reference agency and self-reported information to assess the application. They say that they verified Mrs C’s income and used statistical data and credit file information to assess her outgoings. They say that showed she had sufficient disposable income to sustainably afford repayments towards the loan.

Our investigator agreed with Loans 2 Go but Mrs C didn’t, and she asked for a final decision by an ombudsman.

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 here.

I think Loans 2 Go completed reasonable and proportionate checks before approving the loan, they considered Mrs C’s income and expenditure and they attempted to verify it using statistical data. Given the reasonably modest sum being sought I don’t think it would be reasonable to suggest they needed to go any further and, for instance, ask to see bank statements.

The information Loans 2 Go considered showed them that Mrs C’s income was likely to be around the amount she had declared (£1,300 per month) and that her essential living expenses when credit commitments had been considered was likely to be around £1,010. That would suggest the monthly repayments of a little over £68 were sustainably affordable. Mrs C’s representatives have explained that “*there were early indicators that our client was experiencing financial issues and were struggling to maintain their existing financial commitments.*” But the credit file that Loans 2 Go considered, didn’t show that. There were no recent defaults, bankruptcies or Individual Voluntary Arrangements, overall credit liability was low, and historic defaults had low balances.

I don't, therefore, think Loans 2 Go were unreasonable to extend the credit that they did to Mrs C.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 13 May 2024.

Phillip McMahon
Ombudsman