

## **The complaint**

Ms T is being represented by a claims manager. She's complaining about Loans 2 Go Limited trading as Loans 2 Go because she says it lent irresponsibly by providing loans she couldn't afford.

## **What happened**

Following her applications, Ms T was given the following loans with Loans 2 Go:

- Loan 1 – December 2020 - £250 repayable at £57 per month over 18 months; and
- Loan 2 – July 2021 - £1,999 repayable at £241 per month over 24 months.

Our investigator didn't conclude the complaint should be upheld. He felt Loans 2 Go carried out an appropriate affordability assessment prior to each loan and made a fair decision to lend.

Ms T didn't accept the investigator's assessment. Her representative says Loans 2 Go didn't carry out the right checks and asked for the complaint to be referred to an ombudsman.

The complaint has now been referred to me for review.

## **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 done so, I've reached the same overall conclusions as the investigator. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before lending to Ms T, Loans 2 Go was required to carry out appropriate checks to ensure the repayments were affordable and sustainable. To decide whether this requirement was met, the key questions I need to consider in respect of each loan are:

- Did Loans 2 Go complete reasonable and proportionate checks to establish Ms T would be able to repay the loan in a sustainable way?
- If so, was the decision to lend fair and reasonable?
- If not, what would reasonable and proportionate checks have discovered, and would the decision to lend have been fair and reasonable in light of that information?

Loans 2 Go has described the information it gathered to assess whether Ms T's loans were affordable before they were approved. This included:

- information contained in her application, including her employment status and income, which was separately verified;
- information obtained from a credit reference agency (CRA), giving details of her existing credit arrangements and any past issues with credit; and
- an expenditure assessment using a combination of modelled data for key expenses, along with actual data from the CRA about the cost of her existing credit arrangements.

Loans 2 Go maintains its affordability assessments were proportionate for the loans given and demonstrated they were affordable.

I'll now consider each loan in turn:

*Loan 1 in December 2020:*

In making her application, Loans 2 Go's records show Ms T declared she was employed with monthly income was £1,150 and I note Loans 2 Go says this was separately verified with information from a credit reference agency (CRA).

In respect of her existing commitments, Loans 2 Go's credit check showed she had existing debt of just over £2,000 and that she'd had no recent defaults or CCJs.

After considering this information carefully, I don't think there was any indication Ms T was struggling financially at this point. She wasn't heavily indebted compared to her declared income and seemed to be managing her existing commitments well.

Loans 2 Go says it also considered Ms T's key expenditure based on a combination of her existing credit commitments, as recorded by the CRA, and modelled statistical data to estimate other living expenses. In this way, it determined she had sufficient disposable income to afford the additional loan.

The use of modelled statistical data to estimate expenditure is an approach that's recognised by the regulator for assessing credit applications. It was clearly less thorough than an assessment of Ms T's actual expenses by reference to her bank statements for example. But in view of the amount of credit being offered and the information Loans 2 Go already had about her income and existing commitments, I think it was a proportionate approach in this case.

I've also considered Loans 2 Go's lending decision based on the information obtained from what I believe to have been a proportionate affordability assessment. In my view, it was entitled to believe the new loan repayments would be affordable for Ms T and that the decision to lend was a reasonable one.

Taking everything into account, I'm not upholding the complaint about this loan.

*Loan 2 in July 2021*

By the time of this loan application, I think the affordability checks Loans 2 Go has described did show some signs of potential financial difficulty that warranted a more detailed affordability assessment. In particular, I note the credit check recorded Ms T had opened a number of new credit accounts since loan 1 was given, some of which appear to have been short-term credit, and her debt had increased significantly to over £5,000 in the same period.

I can't know exactly what further checks Loans 2 Go might have carried out at the time, but I think a consideration of Ms T's actual income and expenditure would have been reasonable. To establish what information could reasonably have been discovered, and therefore allow me to assess whether the lending was appropriate, our investigator asked her representative to obtain copies of her bank statements from the time.

Unfortunately, her representative told us that Ms T says she's unable to provide these statements. Without this information, I don't have sufficient evidence to demonstrate the loan provided by Loans 2 Go was unaffordable and I'm therefore not in a position to conclude it shouldn't have been granted.

#### *In summary*

It's for these reasons that I'm not upholding Ms T's complaint. I realise this outcome will be disappointing for her, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation is helpful.

In reviewing this complaint, I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Loans 2 Go lent irresponsibly to Ms T or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

#### **My final decision**

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 5 August 2024.

James Biles  
**Ombudsman**