

The complaint

Mr S complains that Loans 2 Go Limited (L2G) lent to him irresponsibly.

What happened

In November 2017 Mr S applied for a loan with L2G. L2G approved the application and gave Mr S a loan for £300 repayable over 18 months at £67.96 per month.

Mr S complained that L2G lent to him irresponsibly.

L2G didn't uphold the complaint. It said it had carried out proportionate checks before lending to Mr S.

Mr S remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. She said the information gathered from the checks showed that the loan was affordable for Mr S.

Mr S didn't agree so I've been asked to make a final decision.

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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Mr S's complaint.

Before agreeing to lend, L2G needed to complete reasonable and proportionate checks to ensure that Mr S could sustainably repay what was being lent to him.

There's no set list of checks a lender has to carry out. But lenders are required to have regard to things such as the amount being lent, the total amount repayable, the monthly repayment and the consumers individual circumstances when deciding what's reasonable and proportionate.

I've looked at the checks completed by L2G. L2G gathered information about Mr S's income and expenditure. It obtained payslips to verify the income, It also carried out a credit check to see what other unsecured debt Mr S had.

Based on what I've seen. I think the checks were reasonable and proportionate. I've gone on to consider whether the lending decision was fair.

I've looked at the information gathered by L2G. It appeared that Mr S had sufficient monthly disposable income to afford the loan repayment of £67.96 based on weekly repayments of £16.31.

I can see from Mr S's credit search that he had defaulted on some other credit accounts.

Because of this, I think it would've been proportionate for L2G to carry out further checks to gain a more detailed understanding of Mr S's financial circumstances.

I can't be certain of what further checks L2G would've done. But I think a review of Mr S's bank statements would've provided information about his overall financial circumstances.

I've reviewed the information provided by Mr S and I've thought about whether L2G would've done anything differently if it had seen this. Having looked at it, I don't think L2G would've reached a different decision. There's nothing in the information to suggest that Mr S wouldn't be able to sustainably repay the loan.

For these reasons I'm unable to say that L2G lent irresponsibly.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 August 2023.

Emma Davy
Ombudsman