

The complaint

Miss R complains about how Loans 2 Go Limited treated her when she fell into financial difficulties, and about how much interest she was charged on her loan.

What happened

In December 2019 Miss R took out a regulated, unsecured fixed sum loan for £650. The APR was 1,013.2%, the total interest was £2,024.08, and she was to repay a total of £2,674.08, by paying £148.56 each month for 18 months. She set up a continuous payment authority.

Miss R soon fell into financial difficulties and missed her payments. Throughout 2020 she made arrangements to pay but still missed payments. During that year she told Loans 2 Go that she had been evicted, and that her income had been reduced due to the covid pandemic. She was served a default notice, although her account was not actually defaulted until June 2021.

In January 2021 Miss R sent Loans 2 Go medical evidence from her doctor stating that she had anxiety, depression and post-traumatic stress syndrome. She agreed to pay £100 a month for three months, after which her account would be reviewed. In April 2021 Miss R agreed to resume making her contractual payments, but in May she missed a payment and, as I've said, her account was defaulted in June. Her outstanding balance today is £607.04.

Miss R complained to Loans 2 Go about the default, and in February 2022 it sent her its final response letter about that issue. That letter said that she had six months in which to refer her complaint to our service if she wanted to, but she didn't do that at the time. Later, she complained again, this time about the interest and the outstanding balance, as well as about the default. She said she had been overcharged, and that Loans 2 Go had not been clear about how much she owed. Loans 2 Go sent her its final response about that second complaint in January 2023. It told her it had already dealt with her complaint about the default, and so it wouldn't consider that matter again. It said the terms of her loan agreement had been clear about how much she would have to pay. This time, Miss R brought a complaint to our service.

Our investigator said it was too late to consider Miss R's complaint about the default. He did not criticise the loan agreement. But he decided that Loans 2 Go should have treated Miss R as a vulnerable customer once it had received her medical evidence, and he thought it had failed to do that, because it had sent her "a multitude of text messages" about her arrears during a time when it had known that she was in financial difficulties and that she was vulnerable for medical reasons. He thought Loans 2 Go should have shown her more forbearance, and that it should have waived the interest that still remained unpaid as at 19 January 2021 (being the date on which she had provided her medical evidence). For those reasons, he upheld this complaint. He recommended that Loans 2 Go rework Miss R's account so that all the interest that remained unpaid from 19 January 2021 was removed or waived. Then if that resulted in Miss R having overpaid, the overpayment was to be refunded with interest. Or if she still owed money, then Loans 2 Go was to agree an affordable payment plan with her. And he thought that it should also pay her £150 for having bothered

her with all of its text messages.

Loans 2 Go did not accept that opinion. It reiterated that the terms of the loan agreement had been clear. It said it had tried to help Miss R as much as it could once she had told it about her financial difficulties and medical issues. (It added that there was no reason why Miss R's credit file should be amended, although the investigator had made no such recommendation.) It asked for an ombudsman's 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.

I have not considered the defaulting of Miss R's account, because (as my colleague has explained) she did not bring this complaint to us within the deadline.

I do not uphold Miss R's complaint about the amount of interest. That is for two reasons. Firstly, the terms of the loan agreement were very clear about how much interest she would be charged and how much she would have to repay in total. And secondly, she chose to accept those terms. It's too late now for her to decide that the interest was too much; she has agreed to pay it.

I also do not uphold her complaint about Loans 2 Go not being clear about what she owed. It sent her statements about her account which showed how much she had paid and how much she still owed, and I think that information was displayed clearly. The outstanding balance of £607.04 appears to me to be correct.

That just leaves how Loans 2 Go treated her when it learned that she was in financial difficulties. And I have decided to uphold that complaint, for broadly the same reason as my colleague.

That is not to say that Loans 2 Go did nothing to help Miss R. There is evidence that it did agree to accept reduced payments from her in an effort to help her. But once it knew that she was vulnerable for medical reasons, I think it should not have contacted her so frequently to remind her that she was in arrears, as this must have been stressful for her. I have noted the fact that some of these messages were ones which it was required by regulations to send, and so I will leave these ones out of consideration. But even if I only count the messages which Loans 2 Go did not have to send, then I think there were far too many of them; sometimes twice in a day. In the four-month period from April to July 2021, the following "non-regulatory" messages were sent to Miss R chasing her for payment:

- April 14, 17, 22, 24.
- May 1 (two messages), 4, 7, 10, 12, 14, 17, 19, 21, 24, 25, 26 (twice), 31.
- June 1 (twice), 2, 3 (twice), 4 (twice), 5, 7 (twice), 8 (twice), 9 (twice), 11, 12, 14, 19, 23, 24, 25.
- July 1, 2, 3, 5, 10, 12, 14, 16, 19, 22, 24, 26, 27, 29, 31.

I think that was excessive for a vulnerable customer, and so for that reason I will uphold this complaint.

Putting things right

The investigator thought that Loans 2 Go should have waived all of the outstanding interest from the date that Miss R told it about her health issues, 19 January 2021. I don't agree that Loans 2 Go had to do that, because although it did have a duty to treat Miss R sympathetically and positively, there is more than one way to do that, and a lender has the right to decide for itself which approach to take to best accomplish that aim. It *could* have waived all the remaining interest, or it could have chosen to do something else.

However, as a method of working out a fair way to resolve this complaint, I think it would be reasonable to adopt the investigator's approach to calculating the compensation to be paid to Miss R. So I will order that Loans 2 Go do the following:

- Loans 2 Go must rework Miss R's account so that all of the interest that still remained outstanding from 19 January 2021 is waived, and that all payments made to the account since then are treated as reducing the capital balance.
- Then, if that re-working results in Miss R having paid more in total than she was liable to pay under the loan agreement, the amount of the overpayment must be refunded to her, with simple interest at the rate of 8% a year from the date of the overpayment to the date of settlement. And if there has been no over-payment, then Loans 2 Go must agree an affordable repayment plan with Miss R for the remaining balance (for it to be able to do this, Miss R should provide details of her current income and expenditure if Loans 2 Go asks her to).
- In either case, Loans 2 Go must pay Miss R £150 for her inconvenience, without offsetting that payment against her remaining debt (if any).

My final decision

My decision is that I uphold this complaint. I order Loans 2 Go Limited to put things right in the way I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 6 November 2023.

Richard Wood
Ombudsman