

The complaint

Mrs M complains that Loans 2 Go Limited (“L2G”) lent her a loan in July 2019 when it shouldn’t have.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. The facts are not in dispute, so I’ll focus on giving the reasons for my decision.

Our adjudicator recommended that Mrs M’s complaint should be upheld but L2G disagreed.

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 agree with the conclusions reached by the adjudicator for these reasons:

- L2G’s checks were reasonable given the loan amount and the term. It asked Mrs M for her monthly income, living costs and searched her credit file. It also verified her declared income of £2,500 and found her income to be around £2,421.
- L2G’s checks showed Mrs M’s living cost to be around £1,200 and it recorded her monthly credit commitments as £800. On these figures, Mrs M had sufficient income to repay meet the monthly loan repayment of £171.42.
- However, L2G didn’t react appropriately to the results of its checks. While Mrs M’s income and living costs seemed reasonable, her monthly credit commitments didn’t align with what L2G could see from the results of its credit search.
- L2G has provided a copy of its credit search and from what I can see, Mrs M’s monthly credit commitments on loans was around £1,368. In addition to this, she also had outstanding balances on two of her credit cards which totalled around £2,198.
- Taking all this into account, Mrs M wouldn’t have been left with any disposable income to meet the loan repayments. This is because her credit commitments and living costs were higher than her verified income.
- In those circumstances, L2G shouldn’t have lent to Mrs M, and it needs to put things right.

Putting things right

Mrs M has fully repaid the loan although I can see she struggled to do so. To put things right, L2G should:

- Refund all interest fees and charges Mrs M paid because of this loan.

- Add 8%* simple interest on the payments from the date they were paid to the date of settlement.
- Remove any adverse information about this loan from Mrs M's credit file.

*HM Revenue & Customs may require L2G to take off tax from this interest. L2G must give Mrs M a certificate showing how much tax it's taken off if it asks for one.

My final decision

For the reasons given above, I uphold this complaint and direct Loans 2 Go Limited to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 10 August 2023.

Oyetola Oduola
Ombudsman