

## **The complaint**

Mr B says Gain Credit LLC (trading as Lending Stream) lent to him irresponsibly.

## **What happened**

Mr B had two six-month instalment loans with Lending Stream. The first, in April 2019, was for £300 and the second, in July 2019, was for £810.

An adjudicator considered Mr B's complaint but didn't think it should be upheld. Mr B didn't agree. He thought his bank statements clearly showed the loans were unaffordable. As there was no agreement, the complaint was passed to me to decide.

## **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 general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Having thought about everything, my decision is that Mr B's complaint should not be upheld. I'll explain why.

Lending Stream needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means it should have carried out proportionate checks to make sure Mr B could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

It may help if I explain to Mr B, with the above mind, that in the early stages of a lending relationship, less thorough checks are likely to be reasonable and proportionate. As Mr B only had two loans with Lending Stream, with relatively small monthly repayments compared to his declared income, I wouldn't have expected Lending Stream to ask Mr B for information such as his bank statements. I think obtaining that level of information would've been disproportionate in this set of circumstances.

I think it was therefore broadly reasonable for Lending Stream to rely on the information provided by Mr B about his income and expenditure. This means Lending Stream wouldn't have been aware of the true extent of Mr B's outgoings, including his gambling expenditure. And, as the information provided by Mr B suggested he had enough disposable income to be able to afford the loan repayments, I don't think it was unreasonable for Lending Stream to approve the loans. In saying this, I've taken into account that Lending Stream hasn't shown us the full results of the credit checks it carried out. But given the amount of disposable income Mr B suggested he had, I think it's unlikely this information would have suggested the loans were unaffordable.

I have noted Mr B is concerned that Lending Stream approved the second loan while the first was still outstanding. But I don't think it's particularly unusual with this type of longer-term instalment loan for someone to have more than one loan at the same time. I don't consider that to automatically be a matter of concern, especially if proportionate checks suggest the cumulative repayments are affordable.

So while I realise this will be disappointing for Mr B, my decision is that I do not uphold his complaint.

### **My final decision**

For the reasons given above, I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 April 2020.

Matthew Bradford  
**Ombudsman**