

The complaint

Mrs T complains that Gain Credit LLC, trading as Lending Stream, lent to her irresponsibly.

Mrs T also complains that six late payments and a default appeared on her credit file which she says ought not to be there.

What happened

Mrs T applied for a £600 loan from Lending Stream in February 2019. She told Lending Stream that she earned £2,000 a month and had expenditure of around £950 a month. The loan was approved with six instalments of around £195 each month commencing 19 March 2019 and due to end 19 August 2019.

Mrs T complained to Lending Stream in March 2020 and referred her complaint here in May 2020. Lending Stream sent to us its records and documents and the statement of account shows that in March 2019 Mrs T was sent a default notice for failure to pay that first instalment. And it seems that she did not pay anything until January 2020 and then paid more in June 2020.

Mrs T says that she should never have been given the loan from Lending Stream as she had so much debt already and had more expenses that she had to pay out than she had told Lending Stream.

Mrs T says that she entered a Debt Management Plan (DMP) with a well-known charity which assists with debt in March 2019. Mrs T has sent us a list of payments made to that charity in relation to a third party debt collector and it does list payments of around £16 a month commencing 23 March 2019. Mrs T says that these show she paid towards the Lending Stream debt.

One of our adjudicators looked at the complaint and did not think that Lending Stream had done anything wrong in approving the loan. And she did not think that it was wrong for the late payments and the default to have been registered on her credit file.

Mrs T did not agree and asked for an ombudsman to review the complaint. It was passed to me for a 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 considered the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Before lending money to a consumer a lender should take proportionate steps to understand whether the consumer will be able to repay what they are borrowing in a sustainable manner without it adversely impacting on their financial situation.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves did not set out compulsory checks, they did list several things a lender could consider before agreeing to lend. The key element was that any checks needed to be proportionate and had to consider several different things, including how much was being lent and when the sum being borrowed was due to be repaid.

I need to explain to Mrs T that for a first loan with Lending Stream where her declared income and expenditure seemed to show that she was able to afford the £195 monthly instalment payments, then it would be disproportionate to expect Lending Stream to have carried out a full financial review of her circumstances. It was entitled to rely on the information she gave to it when she applied. The checks it carried out were proportionate to this application and I would not have expected it to do more.

Lending Stream would not have known that Mrs T was about to enter a DMP within weeks of being approved for this Lending Stream loan. So, I do not uphold Mrs T's complaint about the irresponsible lending.

In relation to the credit file entries then the evidence Mrs T has sent to show that she was making payments to Lending Stream in or around March 2019 does not show that. It seems that the debt charity was making payments on her behalf to a third party debt collector in or around March 2019 until July 2020. But this was not related to Lending Stream, and I say that because that is not the name which appears on the debt charity statement I have been sent. And it's highly unlikely that the debt with Lending Stream would have been passed to a third party debt collector within a month of the loan being approved – that is just not likely at all. And so, I conclude that these records do not relate to Lending Stream at all and I do not know what they are for. And if Mrs T was concerned about more recent 'missed payments' to Lending Stream I have not been sent any evidence of that or that she has paid anything to Lending Stream recently.

Lending Stream has sent to us statements to show what Mrs T has paid and it does seem to be the case that she paid money to it on 24 January 2020 and 24 June 2020.

The default letter Lending Stream has sent to us is dated 20 March 2019. So that may be the default that Mrs T was concerned to see on her credit file.

My final decision

My final decision is that I do not uphold Mrs T's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 28 January 2021.

Rachael Williams
Ombudsman