

The complaint

Mr H says Gain Credit LLC trading as Lending Stream lent to him irresponsibly. He says the correct checks weren't made before Gain Credit approved the lending.

What happened

This complaint is about one instalment loan Lending Stream provided to Mr H on 14 December 2019. Mr H borrowed £400 and he was due to make 23 weekly repayments of £32.32 and a final payment of £20.70. The loan was repaid on 29 May 2020.

Our adjudicator didn't uphold the complaint. She thought the checks Lending Stream had made were proportionate and so it was reasonable for it to lend.

Mr H disagreed with the adjudicator's opinion and he asked that an ombudsman review the complaint. As no agreement was been reached the complaint has been passed to me.

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 irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

Lending Stream needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr H 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 consumers income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Lending Stream should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've seen a record of the information Mr H provided to Lending Stream when he completed his loan application. Mr H said he had a monthly income of £1,500 and he had regular monthly outgoings of about £650. So, it would have been reasonable for Lending Stream to think that the loan repayments were affordable for Mr H because he has sufficient disposable income to afford the repayments he was committed to making.

I haven't seen any further information that shows its likely Lending Stream was made aware of any financial problems Mr H might've been having. Or anything that would've prompted it to investigate his circumstances further. So, I think it was reasonable for Lending Stream to have relied on the information it obtained. I don't think it needed to, for example, look at his payslips or verify his expenditure for this one loan.

So overall, in these circumstances, I think the assessments Lending Stream did were proportionate. And I think its decision to lend was reasonable. I'm not upholding Mr H's complaint about this loan.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 September 2021.

Andy Burlinson
Ombudsman