

The complaint

Miss M complains that she was coerced into taking out three loans with Gain Credit LLC (trading as Lending Stream). She says this has led to adverse information being recorded on her credit file, and she wants this information removed.

What happened

Miss M tells us that she was in an abusive and controlling relationship at the time she took out these loans and for some years afterwards. Miss M says her partner at the time coerced her into taking out the loans so she could give the money to him, and that his control of her finances meant she was then unable to repay the loans as the loan agreements required.

Miss M contacted Lending Stream in 2017 and agreed repayment plans for the loans, two of them were subsequently repaid, but one loan remains outstanding. All three loans have had adverse information about them recorded on Miss M's credit file, including defaults being recorded for the loan that is still outstanding, and for one of the loans that has been repaid (although that default is now showing as 'satisfied')

Miss M's relationship ended in 2019, and in 2022 she felt able to raise her concerns about these accounts with Lending Stream and to then refer those concerns to our service when Lending Stream could not resolve her complaint. After our involvement, Lending Stream has ultimately offered to write off the outstanding balance on the loan that has not yet been repaid. But it is not willing to amend any of the default information that has been recorded about these accounts with the credit reference agencies. Lending Stream says that it was not aware of Miss M's situation at the time the loans were taken out – or prior to the defaults being issued – and that the information it has reported to the credit reference agencies is an accurate reflection of how the accounts were managed.

Our Investigator felt that Lending Stream had offered a reasonable resolution to this complaint, they did not feel it needed to change or remove any of the default information reported to the credit reference agencies.

Miss M didn't agree with this outcome, she feels it is unfair that she is still being impacted by the actions of her ex-partner. As it's not been possible to resolve this complaint it's been passed to me for review.

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 understand that it's upsetting for Miss M to have had defaults and other adverse information recorded on her credit file. And I can see why she feels so strongly that it is unfair she's ended up in this situation. She says she was coerced into taking out these loans by an abusive and controlling partner, so she does not feel it is fair that the loans should continue to affect her credit file and make it harder for her to take out credit.

I'm satisfied from what I've seen that Miss M is giving us an accurate picture of her circumstances at the time the loans were taken out. I don't dispute that she was coerced into taking out these loans by her partner at the time, or that they were largely used to fund his lifestyle rather than to benefit Miss M in any way. But I don't think that means that it is fair for Lending Stream to remove the information about these loans from her credit file.

I say this for several reasons. Firstly, it seems clear that Miss M did not make Lending Stream aware of her particular difficulties until several years after the loans were opened (and then defaulted). I can entirely understand why this was the case, but it does mean that there appears to have been nothing to indicate to Lending Stream that Miss M was being coerced into taking out the loans. I don't therefore think that Lending Stream was unreasonable to approve these loans to Miss M.

I also note that when Miss M began to experience financial difficulties, she discussed her financial situation with Lending Stream, and it took steps to assist her by agreeing repayment plans for the outstanding loans. Again, at this time Miss M did not give any indication to Lending Stream of the difficult situation she was in with her partner. So, given what it knew at the time, I'm satisfied that Lending Stream acted reasonably in trying to help Miss M with her financial difficulties.

And I don't then think I can fairly say it was unreasonable for Lending Stream to record defaults for the loan accounts that were not repaid within a reasonable period of time. Lending Stream issued all the appropriate notices to Miss M explaining what would happen if the loans were not repaid. I acknowledge that the reason why Miss M was unable to repay the loans – and why she had taken them out in the first place – was down to her ex-partners behaviour, but I don't think that means the information Lending Stream recorded about these accounts was inaccurate. The fact remains that these were accounts that Miss M applied for – not accounts that were fraudulently applied for in her name – and that she was aware of the need for payments to be maintained but was unable to make those payments.

Lending Stream has offered to write off the outstanding balance of the one remaining loan that has not been repaid, and I think that is fair in the circumstances given that Miss M does not appear to have benefitted from those loan funds and has clearly been through a difficult time. But lenders are obliged to record accurate information about accounts, and I consider that the information Lending Stream recorded here is accurate. So, it follows that I won't be asking Lending Stream to make any amendments to Miss M's credit file other than to ensure it reflects that the outstanding balance has been written off.

Whilst I'm not requiring Lending Stream to remove the defaults, Miss M is entitled to apply to have a notice of correction added to her credit file. This gives her the chance to explain the circumstances of the defaults. And it allows potential lenders the opportunity to view her explanation.

In summary, whilst I empathise with Miss M, I'm unable to say that Lending Stream has done anything wrong in how it has recorded these accounts with the credit reference agencies. Lending Stream should write off the outstanding balance of the remaining loan, and should update Miss M's credit file to reflect what it has done, but I won't be requiring it to do anything more.

Putting things right

To resolve this complaint Lending Stream should write off the outstanding balance of the remaining loan.

My final decision

I uphold this complaint in part. Gain Credit LLC (trading as Lending Stream) should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 September 2023.

Sophie Mitchell
Ombudsman