

## The complaint

Mr M complains that Gain Credit LLC trading as Lending Stream irresponsibly lent to him.

## What happened

Lending Stream lent Mr M six instalment loans, the details of the loans are as follows:

Loan number	Start date	Amount (£)	Term	Highest repayment (£)	End date
1	21/03/2021	120	6 months	42.67	30/09/2021
2	13/07/2021	200	6 months	104.39*	31/01/2022
3	05/01/2021	200	6 months	126.62*	29/04/2022
4	07/09/2022	150	6 months	48.03	16/02/2023
5	11/09/2022	120	6 months	85.42	16/02/2023
6	13/12/2022	400	6 months	208.08	defaulted

\*combined payments.

When Mr M complained to Lending Stream, it didn't uphold his complaint, so he referred it to the Financial Ombudsman Service where one of our investigators looked at the complaint. Our investigator didn't think Lending Stream was wrong to lend any of the loans.

Mr M's representatives disagreed on his behalf. Mr M's representative said there were multiple defaults on his credit file which had balances outstanding. It said this should have prompted Lending Stream to take its checks further and had it done so, it would have seen he didn't have sufficient disposable income to repay the loans.

## 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.

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 M could repay his loans in a sustainable manner – without suffering adverse financial circumstances as a result of the lending. 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.

Before Lending any of the loans, Lending Stream searched Mr M's credit file, and asked him about his monthly income and expenditure. The figures Mr M declared for his income ranged from £1,450 to £2,250 and Mr M's monthly expenses including adjustments made by Lending Stream ranged from £375 to 875. Based on these figures, Mr M could afford the repayment of each of the loans throughout their terms.

Mr M's representatives have said Mr M had multiple defaults and these defaults still had outstanding balances which Mr M was still due to repay. It has said these increased Mr M's outgoings and should have prompted further checks by Lending Stream.

Looking at the results of Lending Stream's credit search, Mr M did have multiple defaults. I've also looked at the credit file Mr M provided and upon cross referencing both credit checks, most of the defaults on Mr M's credit file were historic from around 2019. I can also see they had balances on them and although Mr M's representative has said this added further strain on his finances, it hasn't said how much Mr M was paying towards these during the lending period and from what I can see, it didn't appear Mr M was making regular repayments towards all these accounts at the time.

Also, given the type of lending in question here, it isn't unusual for consumers to have impaired credit files when taking this type of borrowing. Most of the defaults were from around three years before Mr M borrowed his first loan from Lending Stream and the credit search through the lending relationship showed the defaults on his credit file reduced as time went on. I can see that Mr M had one default recorded around three months before he took out his first loan, I think this particular default should reasonably have concerned Lending Stream but even if it had taken its checks further, I think it would have likely found Mr M could still afford the loans.

Mr M has provided copies of his bank statements from around the time of the loans and from what I can see, his actual income was similar to the income he'd declared, I haven't seen anything in his bank statements that suggests he was in financial difficulties or reliant on credit. I also haven't seen that he had significant living costs which made the loans unaffordable. So, even if Lending Stream took its checks further by requesting bank statements, as Mr M's representatives have argued, I think it would still have found the loans to be affordable.

On balance, I don't think Lending Stream acted unfairly when it lent any of the loans, so I won't be asking it to do anything further.

I'll however remind it of its duty to treat Mr M positively, sympathetically and fairly in his financial difficulties with repaying loan 6.

### **My final decision**

For the reasons given above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 February 2024.

Oyetola Oduola  
**Ombudsman**