

The complaint

Miss K complains that Gain Credit LLC trading as Lending Stream irresponsibly lent to her. She says she had multiple debts, and she couldn't afford further credit.

What happened

Lending Stream lent Miss K two loans, the details of the loans are as follows:

Loan number	Start date	Loan amount (£)	Term	Highest repayment (£)	End date
1	18/10/2021	680	12 months	113.41	01/03/2022
2	29/08/2022	540	6 months	177.78	sold

Miss K complained to Lending Stream about the loans but it didn't uphold her complaint and so she referred her complaint to the Financial Ombudsman Service, where it was looked at by one of our investigators.

Our investigator didn't think Lending Stream was wrong to lend any of the loans. Miss K didn't agree, she said she had other loans around the time of this loans where it was found those loans shouldn't have been given to her and she believes that is relevant to the lending here.

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 Miss K could repay her loans in a sustainable manner – without Miss K 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.

Lending Stream asked Miss K about her income and expenses, it also searched her credit file before approving both loans. I can see that on both occasions, Miss K applied for more than Lending Stream agreed to lend, for example at the time of loan 1, Miss K requested £1,000 but Lending Stream approved £680. It would appear Lending Stream thought about Miss K's ability to repay the higher amount. Miss K declared her income for both loans as £1,200 and her monthly expenses including credit commitments as £170. I can see Lending Stream increased Miss K's living costs by around £249 on both occasions. Based on these figures Miss K was in a position to afford the loan repayments over their terms.

The credit search revealed Miss K had one delinquent account at the time of loan 1 and two delinquent accounts at the time of loan 2. I don't think those delinquent accounts on their own was concerning enough for Lending Stream to refuse to lend to Miss K. I am mindful that Miss K had a running account with Gain Credit that Lending Stream knew about and around the time of loan 2, Miss K had missed a repayment on that credit account and also had a late payment. However, I can see Miss K brought that account up to date fairly quickly and by the time of loan 2, Miss K didn't have any missed or late payments on her other credit account.

I've thought about what Lending Stream knew about Miss K including how she managed the other account she held with the business and overall, I think there was nothing that should have concerned lending Stream about Miss K's ability to repay both her loans. The loan repayments were a small fraction of Miss K's declared income and her declared outgoings and what Lending Stream knew about Miss K meant she'd been left with sufficient disposable income to repay the loan. I appreciate Miss K has now struggled to repay the loan and the account has been defaulted, this happened after Lending Stream made its decision and from what I can see, wasn't apparent at that time. Lending Stream made reasonable lending decisions after carrying out what I consider to be proportionate checks.

I can see Lending Stream wrote to Miss K about her account being in arrears and so she was kept updated about her account and has now entered into a debt management plan to repay the loan.

Overall, I don't think Lending Stream treated Miss K unfairly and I won't ask it to do anything further. I appreciate this will disappoint Miss K given what she has said about her other loans around the time of this one. My role is to look into the circumstances of this particular case and whether Lending Stream did anything wrong. I want to reassure Miss K that I have taken into account all relevant considerations to help me determine what is fair and reasonable here.

My final decision

For the reasons given above I do not uphold this complaint.

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

Oyetola Oduola
Ombudsman