

The complaint

Mrs H complains about how Gain Credit LLC, trading as Lending Stream, reported her four defaulted loans to the credit reference agencies.

What happened

Mrs H had ten loans with Lending Stream. Four of them were defaulted in 2018; I will refer to them as loans 7 to 10, to be consistent with the numbers Mrs H has used throughout her complaint. Mrs H complains about those four loans. Lending Stream sold loan 8 to a third party, sold loans 9 and 10 to another third party, and kept loan 7.

Following a review of loan 7 in 2022, Lending Stream closed that account, refunded the balance to Mrs H, and told her it would remove the default from her credit file. However, Mrs H complains that the default was only removed by one credit reference agency and not by another.

Mrs H also complains that loan 8 was reported twice, by Lending Stream and also by the third party to which it had been sold. As each lender was reporting different default dates for the loan, it was interpreted by others as being two different loans. Mrs H says this caused or contributed to her mortgage application being refused.

Finally, Mrs H says that loans 9 and 10 are being reported with the wrong account balances, because they include the court fees incurred in getting a county court judgement against her.

Lending Stream said there was nothing it could do about loans 8, 9 and 10. However, it later removed the default it was reporting about loan 8. By then, Mrs H had brought this complaint to our service. She said that although the default had been removed from loan 8, Lending Stream was still reporting six missed payment markers on that loan for the period immediately before the default.

One of our investigators considered this complaint, but she did not uphold it. She said that although one credit reference agency was still reporting the default on loan 7, Lending Stream had asked that agency to remove it, and so it was not Lending Stream's fault that it was still there. She said the information which Lending Stream had recorded about loans 8, 9 and 10 was accurate. If the third party which had bought loan 8 had also recorded another default, this was probably because Mrs H had not made any payments to that lender. Lending Stream was not responsible for whatever was being reported by the third party it had sold those loans to, including the county court judgement. But the balances reported for loans 9 and 10 did not appear to include any court fees, and nor did the balance of the county court judgement.

Mrs H maintained that the information on her credit file about these four loans was wrong, and that nobody was taking responsibility for it. She insisted that five defaults had been reported and that this was Lending Stream's fault. She asked for an ombudsman to review her complaint.

(Later, in January 2024, the third party which had bought loan 8 removed the default it was

reporting from Mrs H's credit file, as it was six years old.)

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.

Having done so, I do not uphold it, for similar but not entirely the same reasons as my colleague. I will explain why.

Loan 7

Lending Stream says it asked both of the two credit reference agencies that were reporting loan 7 to remove any adverse data about that loan from their records. One of those agencies received and acted upon that request; if the other did not then I cannot hold Lending Stream responsible for that.

(Loan 7 is now being reported as having closed in 2022.)

Loan 8

Lending Stream and the third party to which loan 8 was sold in 2020 were both reporting the same loan, and both were reporting a default. Both companies have confirmed that was the case. Mrs H also complained to the third party, and in 2024 it told her that it had been reporting the default as having occurred in January 2018, when the default notice was issued. This means that it was not because she had failed to make payments after the debt was sold two years later. The third party also told her that it had reported that date because that was the information it had been given by Lending Stream at the time of the sale. In contrast, it appears that Lending Stream was reporting the default as having occurred in February 2018, when the deadline for complying with the default notice expired.

I am therefore satisfied on the balance of probabilities that loan 8 was being reported by two lenders with two different dates for the same default – making it appear as if it was two defaulted loans – and that Lending Stream was responsible for that.

The impact of that error is unlikely to have made a difference to Mrs H's mortgage application by itself. That is because there were other defaults and a county court judgement on her credit file. So I will still need to consider loans 9 and 10 and how they were recorded.

Loans 9 and 10

Loan 9 was terminated in February 2018, when the total balance was £755:66. Loan 10 was terminated in January 2018, with a total balance of £833:72. Both of these balances appear on Mrs H's credit file, and they add up to £1,589:38, which (rounded to the nearest pound) is the same as the amount of the county court judgement showing on her credit file. So I am satisfied that the reported balances do not include any court fees, and that the correct amounts are being reported to the credit reference agencies, and have been all along.

Conclusion

The county court judgement was entered in 2020, and was correctly reported on Mrs H's credit file. Between that, and the fact that Mrs H was supposed to have three defaults showing on her credit file (for loans 8, 9 and 10), instead of five, I am not persuaded that the extra two defaults (for loans 7 and 8) – of which I think only one was Lending Stream's fault – would have made a difference to a decision to decline Mrs H's mortgage applications. So I

do not think that that was the result of an error by Lending Stream.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 2 April 2024.

Richard Wood
Ombudsman