

## **The complaint**

Miss K says Gain Credit LLC, trading as Lending Stream, provided her with a high-cost short-term instalment loan that was unaffordable for her.

## **What happened**

Lending Stream provided Miss K with a single loan in January 2017. The loan was for £500 and was due to be repaid over six monthly instalments of between £108 and £212. The total amount to be repaid by the end of the loan term, including interest, was £963.20.

One of our investigators reviewed Miss K's complaint. But they didn't think Lending Stream had treated Miss K unfairly, and so they didn't recommend that the complaint be upheld.

Miss K didn't agree with the investigator's findings and so the complaint was passed to me to review afresh.

## **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 explain how we handle complaints about short-term lending on our website. And I've taken account of that approach to help me decide Miss K's complaint.

Having done so, I don't uphold the complaint. I'll explain why.

Miss K was provided with a high-interest loan, intended for short-term use. Lending Stream needed to make sure it didn't provide it irresponsibly. In practice, that means it needed to carry out proportionate checks to enable it to understand whether the lending was sustainable for Miss K before providing it.

Our website sets out what we typically think about regarding whether checks were proportionate. Generally, we think it's reasonable for lenders' checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But a lender might need to do more if, for example, a borrower's income was low or the amount lent was high. And the longer a lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty.

Lending Stream says it agreed to Miss K's application after she'd provided details of her monthly income and expenditure. It says the information she provided showed she'd be able to make the repayments she was committing to. And, in its view, it was reasonable to lend in the circumstances.

On the other hand, Miss K says the loan was unaffordable and should never have been provided to her.

The first thing I'd say is that this appears to have been Miss K's first loan with Lending Stream. As such, I don't think there was any established pattern in her borrowing needs, at least from Lending Stream, at that stage. I believe this provides important context to the relationship as it was in 2017.

The information we have does suggest Miss K was asked to provide details of her income and expenditure. Bearing in mind the amount of the monthly repayment and the questions Lending Stream asked Miss K about this first loan, which was for a low amount, I don't think it was unreasonable for Lending Stream to rely on the information Miss K gave in this instance.

I accept that Miss K says her circumstances weren't fully reflected either in the information she provided or the information Lending Stream gathered about her from the credit reference agency (CRA) it instructed. I'm sorry to hear that Miss K was struggling financially and that she had to apply for further credit elsewhere. But Lending Stream could only make its decision based on the information available to it at that time. And, at such an early stage in the lending relationship, I think Lending Stream was entitled to rely on what Miss K and the CRA told it.

It would only be fair for me to uphold this complaint where I could see Lending Stream had done something wrong. In this case, I don't think Lending Stream did anything wrong in deciding to lend to Miss K. It carried out reasonable checks even though Miss K believes some of the information it held was inaccurate and that it should have had sight of her bank statements.

Lending Stream reasonably relied on the information it held and given the amount of the repayments involved and the overall circumstances, I don't think it was unreasonable for it to lend. Especially as there wasn't anything obvious in the information it had seen to suggest Miss K wouldn't be able to sustainably repay the loan.

Miss K's provided evidence showing she defaulted on accounts with other lenders and had an active County Court judgment against her. But, as far as I can tell from the information Miss K's provided, these came after Lending Stream's decision to lend to her in 2017. So, Lending Stream couldn't have known about them at that time.

I've also thought carefully about what Miss K's said regarding applying for the loan due to her gambling addiction and that the resulting unaffordable lending made it difficult for her to provide for her children. This must have been very difficult for her and I'm sorry to hear she struggled to such an extent. But I haven't seen any evidence to show Lending Stream was made aware, or that it ought to have been aware, of Miss K's situation when it decided to lend to her. Nor was this evident from the information it reasonably obtained.

Overall, and while I appreciate this will be very disappointing for Miss K, I don't think Lending Stream acted unfairly when providing the loan.

### **My final decision**

For the reasons given, I don't 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 29 February 2024.

Nimish Patel  
**Ombudsman**