

## **complaint**

Miss L complains that Lending Stream LLC irresponsibly gave her instalment loans. She wants a refund of the interest she paid.

## **background**

Miss L had 39 loans from Lending Stream between January 2015 and December 2016. She said her debts got out of control and the lending was irresponsible. Lending Stream agreed that Miss L had had multiple loans, but it said these were affordable and its lending was responsible.

Our adjudicator recommended that the complaint should be upheld in part. He thought Lending Stream's affordability checks had been proportionate and sufficient for Miss L's first four loans, but not thereafter. He thought that if Lending Stream had made better checks, it would have seen that Miss L was gambling heavily and so it wouldn't, as a responsible lender, have approved further loans.

So the adjudicator thought it had been wrong for Lending Stream to provide loans from loan five onwards. He thought it should refund Miss L the interest and charges she'd paid on these loans, with interest, and remove any related adverse information from her credit file.

Lending Stream replied that Miss L had sufficient disposable income to repay her loans. However, it offered redress for 21 of Miss L's loans. But Miss L declined this offer.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Miss L borrowed amounts ranging between £50 and £300, repayable in instalments. The loans were taken continuously, sometimes several in a month. The loans sometimes overlapped so that at one time Miss L had seven instalments due in one month. Miss L repaid most of her loans early, so that her interest payments were small, and she has now repaid them all.

Lending Stream was required to lend responsibly. It should have made checks to make sure Miss L could afford to repay the loans before it lent to her. Those checks needed to be proportionate to things such as the amount Miss L was borrowing, and her lending history. But there was no set list of checks Lending Stream had to do.

Lending Stream checked Miss L's credit score for each loan application. It asked her for her monthly income and expenditure, though I can't see how this was constituted. Miss L said she earned between £1,000 and £1,200 a month. Miss L's stated expenditure varied. It ranged between £569 and £314 for her first five loans, giving her a disposable income of at least £431 a month.

I agree with the adjudicator that these checks were proportionate and sufficient for Miss L's first four loans. The expected instalments were small compared to her stated income and were within her stated disposable income. So the loans looked affordable and I can't say it was wrong for Lending Stream to approve them.

But loan five was Miss L's fifth in two months. She was borrowing similar amounts and then repaying them early. I think Lending Stream should have been concerned by this continuous borrowing and so asked for further details of Miss L's finances and verified what she'd told it.

I've looked at Miss L's bank statements from the time to get this information, but Lending Stream could easily have asked Miss L for it. I think that if Lending Stream had made these checks it would have seen that Miss L was gambling heavily and borrowing to sustain this habit. Her gambling plus her other expenditure exceeded her income. I think that if it had seen this then Lending Stream, as a responsible lender, would have declined further loans. And so I think Lending Stream was wrong to approve Miss L's loans from loan five onwards.

Lending Stream has offered redress for 21 of Miss L's loans. But I don't think this goes far enough.

### **my final decision**

My final decision is that I uphold this complaint in part. I require Lending Stream LLC to do the following:

1. Refund Miss L the interest and charges she paid from loan five onwards, adding interest at 8% simple per annum from the date of payment to the date of settlement.
2. HM Revenue & Customs requires Lending Stream to withhold income tax from that interest. It must give Miss L a certificate showing how much it's taken off if she asks for one.
3. Remove any adverse information related to these loans from Miss L's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 22 December 2017.

Phillip Berechree  
**ombudsman**