

## **complaint**

Mr F complains that Gain Credit LLC (trading as Lending Stream LLC) lent money to him that he could not afford to repay.

## **background**

Mr F entered into 12 loans with Lending Stream between September 2012 and June 2014. He says that Lending Stream did not carry out sufficient affordability checks before the loans were provided.

Lending Stream says that Mr F first raised his complaint about the affordability of the loans in 2015. It says that affordability tests were carried out before it lent to Mr F and that these showed that Mr F was in full time employment with a monthly income of £1,300 and that his disposable income was sufficient to cover his repayments. It says it checked Mr F's credit score and this did not raise concerns. Lending Stream says that it had no reason to believe the loans were not affordable for Mr F.

Our adjudicator thought that the checks carried out before the first three loans were provided were sufficient but that further checks should have been carried out before the subsequent loans were provided. He thought Lending Stream should have checked Mr F's short term loan commitments before loan four was provided and a full review of Mr F's financial situation should have been carried out before loan five was provided.

Our adjudicator said that had the further checks been carried the information would not have suggested that loan four was unaffordable. However he said that following a full review of Mr F's financial situation Lending Stream should not have provided loans five to twelve.

Lending Stream did not accept our adjudicator's view. It said that Mr F's disposable income was enough to cover his loan repayments. It said that it gathered information about Mr F's expenses and that it uses minimum thresholds which are applied if the information from a customer appears too low. It said that Mr F should be held accountable if he had falsified the information provided.

Lending Stream said that its credit checks showed Mr F had a good credit rating and that as its affordability checks did not raise concerns it was not required to carry out further checks such as getting copies of bank statements.

Lending Stream did offer to refund the interest and charges paid by Mr F on four loans as it believed these loans may have made Mr F's financial situation difficult.

Mr F did not accept Lending Stream's offer.

## **my provisional conclusions**

I issued a provisional decision on this complaint. I concluded in summary:

- the checks carried out before loans one to three were provided were sufficient;
- there was a seven month break between the third and fourth loan and so I found it reasonable that the fourth loan was considered as part of a new lending chain. Based

on the fourth loan being the first in a new lending chain I found the checks carried out before this loan was provided were reasonable;

- the checks carried out before the fifth loan (second in the new lending chain) were sufficient;
- further checks should have been carried out before the sixth and subsequent loans were provided;
- Mr F should have been asked about any short term loan commitment he had outstanding as well as his income and other expenses before loans six and seven were provided. I thought that had this information been provided, Lending Stream would have realised that these loans were not sustainably affordable;
- before the eighth and subsequent loans were provided I thought a full review of Mr F's financial situation should have been carried out. Had this happened, Lending Stream would have seen that Mr F was making frequent use of other short term lenders and was spending money on gambling. I found that these loans were not sustainably affordable.

Mr F and Lending Stream both accepted my provisional decision.

### **my findings**

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

As both parties accepted my provisional decision and I have not received any new information my decision is unchanged. I think it reasonable that further checks should have been carried out before loans six and subsequent loans were provided. Had these checks happened I find it reasonable that Lending Stream would have realised these loans were not sustainably affordable.

### **my final decision**

My final decision is that I partially uphold this complaint. Gain Credit LLC (trading as Lending Stream LLC) should, as it has agreed:

- refund all interest and charges that Mr F paid on the loans from six to twelve;
- pay interest of 8% simple a year on all refunds from the date of payment to the date of settlement\*;
- remove any negative information about loans six to twelve from Mr F's credit file.

\*HM Revenue & Customs requires Gain Credit LLC to take off tax from this interest. Gain Credit LLC must give Mr F a certificate showing how much tax it's taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 4 June 2018.

Jane Archer  
**ombudsman**