

## **complaint**

Mr H complains that Lending Stream LLC lent money to him that he could not afford to repay.

## **background**

Mr H took out 12 loans with Lending Stream. He says that at the time of the loans he was making use of other payday lenders and that his debt became unmanageable. He says that he needed to borrow each month to pay his regular bills.

Lending Stream says that adequate affordability checks were carried out before the loans were provided. It says that Mr H was in full time employment with an income of at least £1,100 per month. It says it carried out a credit search and Mr H met its criteria and that Mr H did not tell it about any financial difficulties at the time.

Our adjudicator upheld this complaint. She said that Mr H took out eight loans and then had a break of around two and a half years. She thought sufficient checks had been carried out before loans one and two but that further checks should have happened before loans three to eight were provided. She thought that when Mr H started to borrow again, the checks carried out before loans nine and ten were sufficient but further checks should have been carried out before loans 11 and 12 were provided.

Our adjudicator said that had further checks been carried out Lending Stream would have realised that loans three to eight were not affordable.

Lending Stream did not accept our adjudicator's view. It said that Mr H's disposable income was sufficient to cover the cost of the repayments. It said that it has a minimum amount for the expenditure categories that is applied if the number provided is considered too low. It said it was reasonable that it relied on the information Mr H had provided.

Lending Stream also said that it carried out credit checks which did not raise concerns and showed Mr H had no defaulted accounts.

## **my provisional conclusions**

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

- that the checks carried out before the first two loans were provided were sufficient;
- further checks should have been carried out before the third loan was provided given Mr H's pattern of borrowing and that he hadn't repaid the two previous loans before taking out a third;
- that before loans three to eight were provided, a through review of Mr H's financial situation should have been carried out;
- there was a break in Mr H's borrowing between loan eight and nine and I thought I reasonable that loan nine was considered the first loan in a new lending chain;
- that sufficient checks were carried out before loans nine and ten were provided;

- that further checks, including a thorough review of Mr H's financial situation, should have been carried out before loans 11 and 12 were provided.
- had reviews of Mr H's financial situation happened before loans three to eight and loans 11 and 12 were provided Lending Stream would have realised that these loans were not sustainable.

Lending Stream did not accept my provisional decision. It said that it was reasonable for it to rely on the information Mr H had provided. It said that it provided short term loans which its customers made use of then repaid and that loans were not necessarily unaffordable just because Mr H had borrowed 12 times between 2012 and 2016.

Lending Stream said that Mr H created a strong repayment history with it and that he closed most of his accounts early or on time. It said that Mr H's credit check did not show any defaults or delinquent loans with other lenders and he did not have a mortgage while the loans were approved.

Mr H did not have anything further to add in response to 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.

I note the comments made by Lending Stream in regard to Mr H's repayment history and also that having multiple loans over the years does not necessarily mean the loans are not affordable. However, given Mr H's pattern of borrowing with him taking out loans most months between November 2012 and July 2013 and then, following a break, applying for multiple loans in January and February 2016, I think it reasonable that further checks were carried out at certain points to ensure the loans were affordable.

Had these checks happened Lending Stream would have seen that Mr H had a number of other short term commitments and was spending money on gambling. Had a full review of his outgoings as well as his income taken place I find that Lending Stream would have realised loans three to eight and loans 11 and 12 were unsustainable.

### **my final decision**

My final decision is that I uphold this complaint Lending Stream LLC should:

1. refund Mr H all interest and charges on loans three to eight and loans 11 and 12;
2. add 8% simple interest to the refund from the date of each payment to the date of settlement;
3. remove any adverse information about these loans that has been recorded on Mr H's credit file.

HM Revenue & Customs requires Lending Stream to take off tax from this interest Lending Stream must give Mr H a certificate showing how much tax is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 14 December 2017.

Jane Archer  
**ombudsman**