

## **complaint**

Miss O complains that Gain Credit LLC (trading as Lending Stream) gave her unaffordable instalment loans. She wants a refund of the interest and charges she paid and defaults removed from her credit file.

## **background**

Miss O had four loans from Lending Stream between March and August 2013. She said the loans were unaffordable and the lending was irresponsible. Lending Stream said it had carried out appropriate affordability checks before approving the loans.

Our adjudicator didn't recommend that the complaint should be upheld. She thought Lending Stream's affordability were proportionate and sufficient for Miss O's first three loans. And she thought these checks showed that Miss O could afford her highest expected repayments. But she thought Lending Stream should have made further checks for loan four. If it had, she thought it would have seen that this loan was also affordable. So she didn't think Lending Stream had been wrong to approve these four loans.

Miss O asked for her complaint to be reviewed, so it's come to me for a final 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.

Miss O first borrowed £165 to be repaid in five instalments, the largest being £90.75. While loan one was still running, Miss O borrowed £415 to be repaid in six instalments. The highest combined instalment was £260. This loan was extended and repaid four years later. A month into loan two, Miss O borrowed a further £275 with her largest expected combined instalment being £343. This loan was also extended and then settled three years later. A month into loan three, Miss O borrowed a further £250 and her highest expected combined repayment was £403. Loan four was settled two years later.

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

Lending Stream said it asked Miss O for her monthly income and expenditure and carried out a credit check for each loan. Miss O said she earned £1,800 for loans one to three and £1,900 for loan four. And her outgoings were £1,000 for loan one, £1,200 for loan two, £800 for loan three and £750 for loan four.

I agree with the adjudicator that these checks were proportionate and sufficient for loans one to three. Lending Stream's credit check for loan one found delinquent accounts on Miss O's credit file. So I think it should have looked at her income and normal outgoings from loan one onwards, as it did. I think Lending Stream could reasonably rely on what Miss O stated at this stage as it had no reason for concern. I think that her stated disposable income was sufficient to repay her overlapping loan instalments. So I can't say it was wrong for Lending Stream to approve loans one to three.

By loan four, however, I think the pattern and frequency of Miss O's borrowing should have prompted Lending Stream to make further checks. I think at this stage it should have asked Miss O about her other credit commitments, both regular and short-term. Lending Stream said it asked Miss O to state her credit commitments. But I agree with the adjudicator that this isn't clear that it asked her for both her regular and short-term obligations.

I've looked at Miss O's bank statements from the time to get this information about her short-term lending, but Lending Stream could easily have asked Miss O for it. I can see from these that Miss O was borrowing from other short-term lenders in the month before she applied for loan four. But these repayments and her normal living costs and other commitments still left her enough disposable income to repay the largest combined instalment.

So I think that if Lending Stream had made enough checks it would have seen, as I have, that Miss O could afford loan four. So I can't say it was wrong to approve it or require it to pay Miss O any refunds.

**my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 29 May 2018.

Phillip Berechree  
**ombudsman**