

complaint

Miss T complains that Gain Credit LLC was irresponsible when it gave her loans. Miss T is represented by a claims management company. Her representative asks that Gain Credit pays compensation and refunds the loans.

background

Miss T took out four loans in 2017. Her representative says she was borrowing because of a gambling problem. Her representative says Miss T had a lot of loans and her expenditure exceeded her income.

The adjudicator didn't recommend that the complaint should be upheld. He said the checks made by Gain Credit were sufficient given the amount of the loans, Miss T's stated income and that she hadn't previously borrowed from Gain Credit. The adjudicator said the information Miss T gave to Gain Credit about her income and outgoings suggested the loans were affordable. At this point, Gain Credit didn't need to review Miss T's bank statements and wouldn't have known about her gambling problem.

Miss T didn't agree. Her representative said she couldn't afford the loans and her monthly expenditure exceeded her income. He said Gain Credit should have questioned why Miss T needed to borrow if she had disposable income of about £1,500 each month. He said Miss T's bank statements show her gambling problem and reliance on short term loans. The representative said a credit check would have shown Miss T's use of short term loans and raised warning flags.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Miss T took out the following loans with Gain Credit:

Loan number	Amount of loan	Date of loan	Highest monthly instalment due	Date repaid
1	£300	17.05.2017	£107	24.05.2017
2	£600	26.05.2017	£268	26.06.2017
3	£500	28.06.2017	£224	12.08.2017
4	£600	28.09.2017	£268	Not repaid

When Miss T took out loan 1 she told Gain Credit her monthly income was £2,500. She said her monthly income was about £2,800 when she took out loans 2 and 3 and about £3,000 when she took out loan 4. She said her monthly expenditure (including mortgage/rent, utilities, food, transport, credit payments and other) was about £1,000 when she took out loan 1 and about £1,400 when she took out loans 2 to 4.

Gain Credit says it verified Miss T's income with a third party and checked her stated expenditure against national average data. It did a credit check and says Miss T's rating and reported indebtedness didn't suggest a problem.

While lenders have to assess whether a loan is affordable using suitable information, the checks must be proportionate depending, for instance, on the size of the loan, the repayments and what the lender knows about the customer. I think the checks made by Gain Credit before lending to Miss T were proportionate. Based on the information it received, the loan repayments appeared affordable.

Miss T's representative says she had a gambling problem. But I don't think Gain Credit needed to ask her for more information or ask to see her bank statements. I don't think it knew – or should have known – about her gambling problem.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 16 November 2018.

Ruth Stevenson
ombudsman