

complaint

Mr C says Gain Credit LLC, trading as Lending Stream, didn't notify him it had assigned a debt to a third party. He says this matter caused him stress because he had to deal with the third party without prior knowledge of their involvement.

background

Mr C took out a loan with Lending Stream in April 2013. The loan went into default and was ultimately sold to a third party. The third party took action to recover the debt, which resulted in a county court judgement being awarded in favour of the third party in 2018.

Our adjudicator considered Mr C's complaint and didn't think it should be upheld. She thought Lending Stream did tell Mr C the debt had been assigned to a third party. Mr C didn't agree – he said Lending Stream had never provided him with this proof, even though he'd made a subject access request. As Mr C didn't accept the adjudicator's view, the complaint was passed to me to decide.

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've taken into account the law, good industry practice and any relevant regulations at the time.

I'll start by saying I've seen clear evidence that Mr C was correctly notified by Lending Stream on 4 July 2013 that his loan was in default. That letter asked Mr C to take action to remedy the default and set out the actions Lending Stream could take if the breach wasn't remedied. Those actions included transferring the debt to a third party.

Lending Stream has shown this service an audit trail, which indicates a letter was sent to Mr C on 23 August 2013 confirming that the debt had been passed to a third party. I've also seen a note of a telephone call, dated 4 September 2013, suggesting Mr C called Lending Stream and was informed at that time the debt had been assigned to another business. The note says the call was transferred to that business.

I have noted there is a discrepancy with the letter I've mentioned above. The letter says that the debt was assigned to a *different* third party than the business to which the debt was actually assigned. This may have been an administrative error, but it does mean that the letter is not good evidence that Lending Stream did actually inform Mr C of who now owned the debt. It does however, together with the call note, still suggest that Mr C would have been aware Lending Stream was passing his debt to someone else and that he would no longer be dealing with Lending Stream.

So I don't think Mr C has lost out because of any potential administrative error by Lending Stream. I think, from all the evidence I've seen, he was aware that his debt was in default – and that it was a possibility the debt could be assigned to another business. And I think it's likely he knew – at the very least as a result of the phone call of 4 September 2013 – that this had in fact happened. The third party also informed Mr C directly that the debt had been assigned to it by Lending Stream, an action I think Mr C ought to reasonably have expected.

Overall, I am unable to conclude that Mr C was unaware Lending Stream assigned his debt to a third party. And if there were any administrative errors, I don't think these caused Mr C to lose out financially. It doesn't seem Mr C took any action to remedy the default when Lending Stream still owned the debt, or after it was assigned to a third party. I can't conclude that Mr C would've done anything differently had Lending Stream communicated the sale of the debt more clearly. I think it's also worth noting that Mr C raised the issue of debt assignment in court but that it was still decided he owned the third party the money claimed. This suggests the court was not persuaded the debt had been wrongly assigned to the third party.

my final decision

For the reasons given above, I do not uphold this complaint against Gain Credit LLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 February 2020.

Matthew Bradford
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