

complaint

Miss K complains Lending Stream LLC (LS) was irresponsible in lending money to her. She says if it had carried out suitable checks, it would have known the lending was unaffordable.

background

Miss K took eight loans with LS between 2011 and 2014. She said LS didn't do enough to assess affordability. She said she had other loans at the time, both with it and other lenders, which were unaffordable. She said other lenders agreed to write off her debt. She wants LS to do the same. She also wants it to remove the loans from her credit file.

LS said it carried out detailed checks before lending. It said this included Miss K's employment, disposable income and credit scores. It said she had enough disposable income each time. It also said her credit score was good enough for it to agree to short term borrowing. LS said it didn't know Miss K was in financial difficulty. When she raised this, it took steps to waive interest and charges.

The adjudicator said he thought a lot of the lending was irresponsible. He said the last loan was unaffordable. He noted Miss K was still repaying a loan taken in May 2013, when LS approved her for another loan in September 2013. He felt more robust checks should have been done before she was given more than one loan. The adjudicator said LS should refund the interest and charges from this loan, and should pay interest. He also said it should remove the later loans from her credit file.

LS didn't accept the September 2013 loan was unaffordable or irresponsible. It said there was a four month gap between the May and September loans. It didn't agree that giving someone more than one loan at a time was a sign of irresponsible lending. It said the affordability checks didn't fail. But, it was happy to follow the adjudicator's decision in relation to the other loans.

my provisional decision

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

- I reached my provisional decision based on irresponsible lending guidance in 2013 and 2014, when Miss K took the loans.
- Payday loans are short term. There's a duty to lend responsibly and to be sure the customer can repay. But, there's no set requirement for what checks should be done.
- Miss K had a regular income. LS had shown it considered her disposable income and credit score when lending each time. I was satisfied LS was entitled to rely on Miss K's credit score and didn't need to see her full credit file.
- I didn't think further checks would have shown that the September 2013 loan was unaffordable. At that time Miss K had other loans that she'd repaid in full. I didn't agree that LS should have to repay interest and charges for that loan.
- Miss K couldn't fully repay her October 2013 loan, despite a good repayment history. LS decided to lend to her again in December 2013. I think it should have seen that she was then in a continuous unaffordable borrowing cycle. I thought the lending from October 2013 onwards was both irresponsible and unaffordable.

- I was satisfied LS responded positively and sympathetically to Miss K's financial difficulty. It waived the outstanding balance on three of her loans between 2013 and 2014. It then waived interest and charges for her two outstanding loans from 2014. It also agreed to an affordable repayment plan.
- LS had already agreed to remove the entries from Miss K's credit file for five loans from October 2013 to April 2014. I thought this was reasonable in the circumstances.

I invited further representations from Miss K and LS. I said I was intending to order LS to remove the entries from Miss K's credit file, as it had already offered to do – from October 2013 onwards.

I received a response from Miss K. She said she'd be happy with the decision if LS agreed to remove the said loans from her credit file without further pursuing her for repayment of those loans. LS also responded and said it accepts my provisional decision.

my findings

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

I appreciate Miss K doesn't want LS to pursue her any further for repayment of the loans. As I've said in my provisional decision, I think LS has been positive and sympathetic to date, and I think it's been more than reasonable in the action it's taken to help her reduce her debt. I haven't seen anything to persuade me that Miss K shouldn't continue with the repayment arrangement that's in place. So – I'm only telling LS to remove the loans from Miss K's credit file. I will leave it to LS and Miss K to discuss the ongoing repayment arrangement.

my final decision

My final decision is that I order Lending Stream LLC to remove entries from Miss K's credit file in relation to her loans dated 27 October 2013, 28 December 2013, 9 January 2014, 14 March 2014, and 2 April 2014.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 21 April 2016.

Loucia Kyprianou
ombudsman