

complaint

Mr H complains that it was irresponsible for Lending Stream LLC to have lent to him.

background

Lending Stream made a £300 loan to Mr H in July 2015. It was repayable in monthly instalments but Mr H repaid the loan early - in November 2015. He complained to Lending Stream earlier this year that it was irresponsible for it to have lent to him. He wasn't satisfied with its response so complained to this service.

The adjudicator didn't recommend that this complaint should be upheld. Lending Stream said that it carried out a credit search on Mr H and that it considered his employment status and financial details before agreeing to his loan. She said that its checks went further than she would've recommended for the loan. And she said that the highest monthly repayment on the loan was £136.80 which was a relatively small amount compared to Mr H's monthly income of £1,500 (and expenditure of £600). Lending Stream also said that Mr H had a credit score of 702 – although it hasn't been able to provide a copy of the credit report that it used. But the adjudicator didn't see anything on the credit report provided by Mr H to suggest that Lending Stream shouldn't have lent to him. So she didn't think that Lending Stream was wrong to have lent to Mr H.

Mr H has asked for his complaint to be considered by an ombudsman. He has provided copies of his bank statements and says that, if Lending Stream had checked them, it would've seen that his income and expenditure were different to the amounts that he'd declared and that he had excessive online gambling transactions and payments to other short term lenders. He also feels that his credit score should be much lower than the 702 recorded by Lending Stream and that a loan from another provider was found to be unaffordable in similar circumstances.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. This service considers each complaint on its individual merits. There are many reasons why proportionate checks may have shown the other lender that Mr H's loan was unaffordable – but my consideration of his complaint about his loan from Lending Stream will be limited to the circumstances of that loan.

A lender should make proportionate checks about the affordability of a loan before lending to a customer. What is proportionate will depend on the circumstances of the loan. Mr H applied for a £300 loan from Lending Stream in July 2015. He said that his monthly income at that time was £1,500 and that his expenditure was £600. Lending Stream says that it made a credit check on Mr H and that his credit score was 702. This was Mr H's first loan from Lending Stream so I find that the information that it gathered was proportionate for the loan and that it was fair and reasonable for it to rely on the income and expenditure information that Mr H had provided in his application. I'm not persuaded that there was any need for Lending Stream to gather further information about Mr H's financial circumstances – or to verify the information that he'd provided. And I don't consider that there was any need for it to ask him to provide copies of his bank statements. I also find that it was reasonable for Lending Stream to consider that a £300 loan (with monthly repayments of no more than £136.80) was affordable for Mr H on the basis of his disposable income of £900.

I'm not persuaded that there's enough evidence to show that Lending Stream has calculated the credit score for Mr H incorrectly or that it was inappropriate for it to use a credit score of 702 in these circumstances. Nor am I persuaded that it was irresponsible for Lending Stream to have made the loan to Mr H. So I find that it wouldn't be fair or reasonable for me to require Lending Stream to refund to Mr H any of the interest that he paid on the loan – or to take any other action in response to his complaint.

my final decision

For these reasons, my decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 December 2017.

Jarrold Hastings
Ombudsman