

complaint

Mr V complains that Lending Stream Limited gave him unaffordable instalment loans. He wants a refund of the interest and charges he paid.

background

Mr V had seven instalment loans from Lending Stream between 2012 and 2014. Lending Stream said it checked that the loans were affordable. It asked Mr V for his income and expenditure for each loan. It also made checks with credit reference agencies. Mr V had other loans from other companies. But the checks didn't show that Mr V couldn't repay the loans.

Our adjudicator didn't recommend that the complaint should be upheld. He thought the checks that Lending Stream made on the affordability of the loans were reasonable. The loan repayments were spread out over several months and within Mr V's disposable income.

Mr V replied that his pattern of borrowing and overlapping loans showed that they were unaffordable. He thought the other payday loans he had also showed that he couldn't afford further loans. He thought Lending Stream should have made further checks.

my findings

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

Mr V has told us that he was in financial difficulties during 2012 to 2014 due to a gambling addiction. He was borrowing increasing amounts each month from a range of sources to cover his living costs and the interest on his loan repayments. I can understand that this must have been a difficult and stressful time for him.

The Lending Stream loans were instalment loans, repayable over several months. The first loan in August 2012 was for £305. Mr V then took out three smaller loans for £125, £95 and £95 over the next five months and paid off all of these together in January 2013. Mr V's disposable income at this time was about £870.

He next borrowed £600 from Lending Stream in April 2014. This was a larger amount, but there was a big gap between this and his last loan. Mr V's disposable income at this time was about £1,500. He then took out two smaller loans for £150 and £280 in the next four months. All of these loans were repaid in September 2014.

Mr V said that Lending Stream gave him unaffordable loans. Lenders are obliged to make sufficient and proportionate checks to make sure that loan repayments are affordable without undue hardship.

Lending Stream said it carried out affordability checks on each loan Mr V took out. It asked Mr V for his income and outgoings. This gave a disposable income between £870 and £1,500. It also made credit checks. These showed that Mr V had other loans but not the details of these. He had no defaults for these loans. So it didn't have any warnings that Mr V might be in financial difficulties.

Mr V's loans were all for much less than his stated disposable income and his repayments were spread over several months. All of the loans were repaid and some of the loans were repaid early. There were gaps between many of the loans.

So I can't see that there was a pattern that showed dependency on payday loans that should have alerted Lending Stream to make further checks. I've also looked at its records and I can't see that Mr V told it that he was having difficulties making repayments.

So I think the affordability checks that Lending Stream carried out on Mr V's instalment loans were proportionate to their amount. I also think they were sufficient for what it knew of Mr V's borrowing behaviour and credit worthiness.

I don't doubt what Mr V has told us about his circumstances, but I don't think Lending Stream did anything wrong by giving him the loans. I don't think it needs to make him any refunds or to remove the loans from his credit file.

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 Mr V to accept or reject my decision before 26 September 2016.

Phillip Berechree
ombudsman