

## **complaint**

Mr W says Gain Credit LLC (trading as Drafty) lent to him irresponsibly.

## **background**

Drafty approved a line of credit for Mr W in July 2016, with a credit limit of £500. The minimum monthly repayment was variable, but if Mr W drew down up to his credit limit his monthly repayment would've been £50.

Our adjudicator considered Mr W's complaint but didn't recommend it be upheld. He thought Drafty had carried out proportionate checks before lending and that it was reasonable for it to think the facility was affordable for Mr W.

Mr W didn't agree with the adjudicator. He said his credit history – including his defaults, amount of existing credit and use of payday loans – meant Drafty shouldn't have given him this facility. As there was no agreement, 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. We've set out our general approach to complaints about irresponsible lending on our website and I've taken this into account in deciding Mr W's case.

Drafty needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr W could repay his loan in a sustainable manner.

I think the checks Drafty carried out were proportionate, taking into account all the relevant circumstances at the time. The size of the facility and corresponding monthly repayments were small in comparison to Mr W's declared monthly income of £2,000. Drafty also appears to have recorded that Mr W declared his monthly expenditure as £700 – although it used a larger number for its affordability calculation – which also suggested the facility would be sustainably affordable for Mr W.

Drafty hasn't provided a full breakdown of the credit check it carried out – it has provided only a summary. The report Drafty obtained shows no defaulted or delinquent accounts and three active accounts. The total value of the accounts was little over £21,000. So it appears Drafty's credit check suggested to it that Mr W was managing his other accounts properly in the time before his application. I don't think the total value of Mr W's accounts is concerning either, bearing in mind his declared income and apparent disposable income.

I understand that Mr W feels strongly that this isn't a true reflection of his credit history. He has provided his own copy of a full credit report to support his position. And it does show some defaults. There's also evidence from other complaints he made about having a large number of payday loans from other lenders.

I think it may be helpful to explain that the full credit report Mr W has access to isn't necessary the same as what Drafty would've seen. For example, Mr W's report shows six years of detailed history – but a lender (particularly in this sector) might focus only on more recent history. There's no obligation on a lender to carry out a credit check in any particular

way. Drafty was entitled to obtain only the information it thought most relevant. And this information doesn't suggest Mr W was in financial difficulty, or anything else which ought to have led Drafty to believe it wouldn't have been right to lend.

So although Mr W might have had a history of reliance on payday loans, I've not seen clear evidence Drafty was aware of this and so I do not think it is something I can say it ought to have taken into account. I also think the defaults Mr W has mentioned can reasonably be regarded as historic given the time between the defaults and Drafty's decision to approve this facility.

Finally, I've considered how Mr W used the facility to see if there was a point at which Drafty should've intervened. I think Mr W only made a small number of drawdowns and did so in a short space of time. So the way Mr W used the facility doesn't suggest he was unlikely to repay what he was borrowing in a reasonable amount of time. I therefore don't think I could reasonably conclude Drafty should've withdrawn the facility at any point before Mr W got into difficulty making his repayments.

I understand this will be disappointing for Mr W but I am unable to uphold his complaint.

### **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 W to accept or reject my decision before 7 December 2019.

Matthew Bradford  
**ombudsman**