

The complaint

Mrs E complains that Gain Credit LLC trading as Lending Stream irresponsibly lent to her.

What happened

Lending Stream lent Mrs E three instalment loans from August 2022 to February 2023 when they were repaid. The details of the loans are as follows:

Loan number	Start date	Loan amount (£)	Term	Highest Repayment (£)	End date
1	04/08/2022	230	6 months	69.34	21/02/2023
2	09/10/2022	410	6 months	189.79*	21/02/2023
3	18/10/2022	110	6 months	226.46*	21/02/2023

*As Mrs E's subsequent loans overlapped, I've used the highest repayment amount as a combination of the repayments due on multiple loans in a month.

When Mrs E complained to Lending Stream, it didn't uphold her complaint and so she referred her complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator didn't think Lending Stream was wrong to lend any of the loans.

Mrs E's representative disagreed on her behalf, it said she was reliant on credit and had Lending Stream carried out proper checks, it'd have seen this. It said Lending Stream lent when it shouldn't have.

What I've decided – and why

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 short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Lending Stream 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 Mrs E could repay the loans without undue difficulties or suffering financial detriment. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, less thorough checks might be reasonable and proportionate.

I can see that Mrs E applied for higher loan amounts than Lending Stream approved and for each loan, I can see Lending Stream asked Mrs E about her monthly income and monthly expenses including credit commitments. Lending Stream also searched Mrs E credit file.

Mrs E's declared income for all three loans varied from £1,535 (loan 1) to £1,753 (loan 3). Mrs E declared her living costs as varying from £450 to £600, Lending Stream added £114 to her expenses for loans 1 and £95 to her declared expenses for loans 2 and 3. Mrs E's declared credit commitments varied from £175 (loan 1) to £685 (loan 3). Based on these calculation of these figures, Mrs E would have been able to repay the loans and had disposable income left over.

Lending Stream's search of Mrs E's credit file showed she had no defaults or delinquent accounts, and from what I can see, those checks didn't suggest Mrs E was reliant on credit as Mrs E's representatives suggest. I note Mrs E has provided a copy of her credit file, different checks may show different things and as Lending Stream has provided results of its search into Mrs E's credit file, I've placed weight on what Lending Stream saw at the time. This is because Lending Stream wasn't required to carry out credit checks and if it did, there was no requirement for it to carry it out to any specific extent.

Overall, given the stage of the lending and the circumstances around each loan, Lending Stream's checks went far enough, I don't think there was anything revealed in its checks that should have prompted it to take its checks further. Those checks suggest Mrs E could afford the loans, so I don't think Lending Stream was wrong to lend any of the loans.

I appreciate Mrs E struggled to repay the loans further down the line, but this wasn't something Lending Stream knew or should have known from its reasonable checks.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 22 March 2024.

Oyetola Oduola
Ombudsman