

## **Complaint**

Mr S has complained about high-cost short-term credit instalment loans he took out with Gain Credit LLC (trading as "Lending Stream"). He says Lending Stream lent to him at a time when he was already struggling and it ought to have realised that it was irresponsible to lend to him.

## **Background**

Lending Stream provided Mr S with a total of three loans. The first of them was taken in June 2022 was for £1,000.00 and was due to be repaid in 12 instalments of around £176.25. The second of the loans was taken in October 2022 was for £410 and was due to be repaid in six monthly instalments of around £133. And the last of loans was taken at the end of October 2022 was for £420 and was due to be repaid in six monthly instalments of around £141. All of Mr S' loans were settled early.

One of our adjudicators reviewed what Mr S and Lending Stream had told us. And she thought that Lending Stream hadn't treated Mr S unfairly and so didn't uphold the complaint. Mr S disagreed and asked for an ombudsman to look at his complaint.

## **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 explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr S' complaint.

Having carefully thought about everything I've been provided with, I'm not upholding Mr S' complaint. I'd like to explain why in a little more detail.

Mr S was provided with high-interest loans, intended for short-term use. So Lending Stream needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Lending Stream needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr S before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Lending Stream says it agreed to Mr S' applications after he'd provided details of his monthly income and expenditure. It says the information Mr S provided on his income and

expenditure showed that he'd be able to comfortably make the repayments he was committing to. And in these circumstances it was reasonable to lend. On the other hand, Mr S says that the loans were unaffordable.

I've carefully thought about what Mr S and Lending Stream have said. The first thing for me to say is that these loans were Mr S' first loans with Lending Stream and they were all completely repaid within a period that was less than the original term of Mr S' first loan. Indeed the total period of time Mr S was indebted to Lending Stream for was just over six months. So Mr S was only indebted to Lending Stream for a short period. And I don't think that there was any established pattern in Mr S' borrowing needs at this stage.

The information provided does suggest that Mr S was asked to provide details of his income and expenditure. Bearing in mind the amount of the monthly repayment, the questions Lending Stream asked Mr S and these were Mr S' first loans, I don't think it was unreasonable for Lending Stream to rely on the information Mr S was providing.

I accept that Mr S' actual circumstances may not have been reflected either in the information he provided, or the other information Lending Stream obtained. And I'm sorry to hear that Mr S was struggling financially and that he found it difficult to repay his loans even though they were repaid early. But Lending Stream could only make its decisions based on the information it had available at the time. And, at this stage of the lending relationship, I don't think proportionate checks would've extended into Lending Stream asking Mr S to evidence what he was declaring.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Lending Stream did anything wrong in deciding to lend to Mr S - it carried out reasonable checks even though it looks like the information it might've been provided with was inaccurate.

Lending Stream reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Mr S' loan history, I don't think it was unreasonable for Lending Stream to lend – especially as there wasn't anything obvious, in the information it had, to suggest Mr S wouldn't be able to sustainably repay these loans.

I appreciate that Mr S feels that the answer he's received on this case is inconsistent with the answer he's received on a different one. I've looked at the answer Mr S received on the case he's referred to. But while I agree consistency is important each case we receive is considered on its individual facts and circumstances. And I'm not bound by the outcomes reached by adjudicators, or even ombudsman, on different cases with different facts.

Ultimately, I'm required to consider the facts of a case and reach my own independent conclusion on the matter. That said and with a view to providing some clarity and reassurance to Mr S, it might help for me to explain that there are some key differences between this complaint and the one Mr S has referred to.

This first key difference is that in Mr S' other case he took out four loans, rather than three. These loans had much larger monthly payments (more than double the repayments here) and as a result the level of checks required for the lender to have acted fairly and reasonably was higher.

Furthermore Mr S was also borrowing larger amounts (all of the amounts were larger than his first loan), whereas in this case the amount being borrowed wasn't really increasing – loan 2 was for substantially less than the amount of loan 1 and loan 3 was only £10 more than the amount for loan 2. And as a result in this complaint, I think that proportionate

checks would have shown the payments to be affordable – although I accept that Mr S is unlikely to agree with this.

As this is the case, while I'm not required to replicate the outcomes reached by adjudicators on other cases, nonetheless I don't consider that my answer here is incompatible or inconsistent with Mr S' other case, notwithstanding the differing outcomes.

So overall and having considered everything, I don't think that the checks Lending Stream carried out were unreasonable in this instance. And I'm therefore not upholding Mr S' complaint. I appreciate that this will be very disappointing for Mr S. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 December 2023.

Jeshen Narayanan  
**Ombudsman**