

## **Complaint**

Mr M has complained about high-cost short-term credit instalment loan he took out with Gain Credit LLC (trading as “Lending Stream”).

He says Lending Stream provided him with a loan that was unaffordable for him.

## **Background**

Lending Stream provided Mr M with a single loan in November 2022. The loan was for £400 and was due to be repaid in six monthly instalments of £107.79.

One of our adjudicators reviewed what Mr M and Lending Stream had told us. And she thought that Lending Stream hadn’t treated Mr M unfairly and so didn’t uphold the complaint.

Mr M 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 M’s complaint.

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

Mr M was provided with a high-interest loan, intended for short-term use. So Lending Stream needed to make sure that it didn’t provide it 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 M 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 M’s application after he’d provided details of his monthly income and expenditure. It says the information Mr M provided on his income and expenditure showed that he’d be able to comfortably make the repayments he was committing to. And in its view, these circumstances meant that it was reasonable to lend in this instance.

On the other hand, Mr M says that the loan was unaffordable and should never have been provided to him.

I've carefully thought about what Mr M and Lending Stream have said. The first thing for me to say is that this was Mr M's first loan with Lending Stream and while I accept Lending Stream won't have known this at the time the loan was repaid early. Indeed the total period of time Mr M was indebted to Lending Stream for was for around only 18 days.

So Mr M was only indebted to Lending Stream for a very short period considering that this was supposed to be an instalment loan. And I don't think that there was any established pattern in Mr M's borrowing needs, at least from Lending Stream, at this stage. I think that this is important context to keep in mind here.

The information provided does suggest that Mr M 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 M and this was Mr M's first loan, which was for a low amount, I don't think it was unreasonable for Lending Stream to rely on the information Mr M was providing in this instance.

I accept that Mr M says that his circumstances were not reflected either in the information he provided, or the other information Lending Stream obtained about him. I'm sorry to hear that Mr M was struggling financially and that he ended up applying for further credit. 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 think Lending Stream was entitled to rely on what it was being told by Mr M.

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 M - 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, 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 M wouldn't be able to sustainably repay this loan.

I appreciate that Mr M has said that the fees and charges for the loan were not clearly set out to him. However, I've looked at a copy of the credit agreement which Mr M had to sign before Lending Stream released the funds from this loan to him. And I can clearly see that the agreement states Mr M has to pay six monthly instalments of £107.79.

So I think that Mr M ought to have known how much this loan was going to cost him in total, particularly as Lending Stream is unlikely to have released the loan funds before it received a signature from Mr M confirming his agreement to the terms, at the time he agreed to it.

Overall and having considered everything, I don't think that Lending Stream acted unfairly when providing Mr M with his loan. The checks that it carried out were unreasonable in this instance and it let Mr M know how much he'd have to repay. I'm therefore not upholding Mr M's complaint. I appreciate that this will be very disappointing for Mr M. 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 M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 January 2024.

Jeshen Narayanan  
**Ombudsman**