

## **Complaint**

Miss B has complained about high-cost short-term credit instalment loans she took out with Gain Credit LLC (trading as “Lending Stream”). She says Lending Stream should not have provided her with three loans. She also says that Lending Stream had incorrect information about her and this caused additional interest to be added to her agreements.

## **Background**

Lending Stream provided Miss B with a total of three loans. The first of them was taken in February 2019 was for £200 and was due to be repaid in five instalments of £68.52 followed by a final instalment of £57.40. The second of the loans was taken in June 2019 was for £550 and was due to be repaid in five monthly instalments of £181.07 and final instalment of 179.89.

The last of loans taken in July 2019 was for £260 and was due to be repaid in five monthly instalments of £96.73 followed by a final instalment of £36.35. Miss B was lent to concurrently. But the total amount she owed Lending Stream at any one time was never above £1,000.00.

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

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

Miss B 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 Miss B 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 Miss B's applications after she'd provided details of his monthly income and expenditure. It says the information Miss B provided on his income and expenditure showed that she'd be able to comfortably make the repayments she was committing to. And in these circumstances it was reasonable to lend. On the other hand, Miss B says that the loans were unaffordable.

I've carefully thought about what Miss B and Lending Stream have said. The first thing for me to say is that these loans were Miss B's first loans with Lending Stream and the total period of time Miss B was expected to be indebted to Lending Stream for was less than a year. So Miss B was only ever intended to be indebted to Lending Stream for a short period.

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

Furthermore, even if Lending Stream had been expected to ask for more information by the time of the third loan, at best it would have asked to verify Miss B's regular living costs. And I've not been provided with anything that clearly shows me Lending Stream being in receipt of this information would have led to it reach a different answer on this case.

I accept that Miss B's actual circumstances may not have been reflected either in the information she provided, or the other information Lending Stream obtained. And I'm sorry to hear that Miss B was struggling financially and that she found it difficult to repay her loans. 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 Miss B to provide evidence such as bank statements to verify what she 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 Miss B - it carried out reasonable checks even though it looks like the information it might've been provided with was inaccurate and I've not seen anything to indicate further verification of Miss B's regular living costs would have led to it reaching a different outcome here.

Lending Stream reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Miss B'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 Miss B wouldn't be able to sustainably repay these loans.

I appreciate that Miss B is unhappy that Lending Stream sold on her loan balances to a third party debt purchaser in 2022. It looks like Lending Stream failed to receive payments after Miss B reported her bank card lost. As a result of this Miss B's account fell into arrears.

I can see that Lending Stream wrote to Miss B at the address that she provided, a number of times, after it stopped receiving payments from her. I appreciate that Miss B may not have been living at this address at the time. But Lending Stream was writing to the last contact details that it had for Miss B – Miss B did update her contact details with Lending Stream but this wasn't done until February 2023, which was after the loans had already been sold.

Furthermore, while Miss B says that Lending Stream sent notifications to an email address she does not recognise, it appears from the application details that this is the email address that Miss B provided when she applied for her loans. So I don't think it was unreasonable for Lending Stream to have used the correspondence details that it did. And in any event I would expect formal communications like notices of defaults and potential assignments to be posted rather than emailed.

In any event, the important thing here is that I don't think it would have been fair, reasonable or proportionate for Lending Stream to have continued ignoring these outstanding balances indefinitely. So by this stage, I would have expected Lending Stream to have taken action in the way that it did. After all while withdrawing a facility and recording a default or other adverse information, might be viewed negatively by other lenders, it does offer the borrower certain protections in relation to the debt concerned – for example it stops the firm concerned adding interest and further charges.

Bearing in mind the above, I'm satisfied that it was fair and reasonable for Lending Stream to begin the process of taking corrective action in relation to Miss B's accounts when it did. As this is the case and Miss B didn't respond to any of Lending Stream's default notices or take any steps to repay what was owed, I'm satisfied that Lending Stream was entitled to sell on Miss B's accounts in the way that it did.

I appreciate that Miss B is unhappy that the third-party debt company has added further charges. But the third-party company is a separate and independent firm in its own right. So if Miss B is unhappy with its actions, this is a matter that she will need to take up with it, rather than Lending Stream.

So overall and having considered everything, I don't think that the Lending Stream acted unfairly when provided Miss B's loans or selling the outstanding debt. And I'm therefore not upholding Miss B's complaint. I appreciate that this will be very disappointing for Miss B. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Miss B's complaint.

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

Jeshen Narayanan  
**Ombudsman**