

The complaint

Mr S complains that Gain Credit LLC trading as Lending Stream ("LS") irresponsibly lent to him.

What happened

LS lent Mr S one instalment loan in August 2022, the records show the loan was repaid in April 2023. The loan was for £110 to be repaid in 24 weekly instalments of £7.83, so Mr S was required to repay around £31.32 per month.

When Mr S complained to LS, it didn't uphold his complaint and said it didn't lend to him when it shouldn't have. Mr S referred his complaint to the Financial Ombudsman where one of our adjudicators looked at what both parties said. Our adjudicator didn't think LS did anything wrong and so didn't recommend that Mr S' complaint should be upheld.

Mr S didn't agree with the adjudicator and asked for an ombudsman's decision.

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.

LS needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out reasonable and proportionate checks to make sure the consumer could repay the loan in a sustainable manner. LS needed to satisfy itself that the consumer could repay his loan without undue difficulties, making his repayments on time, while meeting other reasonable commitments; as well as without having to borrow to meet the repayments.

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, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that LS should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- The lower a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income).
- The *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income).

- The *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable. There was only one loan lent here and so I don't think the frequency of loans, or a pattern of lending was a concern here.

I've carefully considered all of the arguments, evidence and information provided and what this all means for Mr S' complaint. The loan amount and repayments represented a very small proportion of his Mr S' declared income of £2,500, LS worked out Mr S' living expenses and credit commitments to be a total of £821, slightly more than Mr S declared. On the basis of these calculations, Mr S was left with around £1,679 which was sufficient to repay the loan and leave some disposable income for the month.

Mr S has said LS should have carried proper checks and had it checked his payslips, bank statements and credit file it would have seen he was borrowing from several lenders and that he was indebted and couldn't afford the loan. LS did carry out a credit search and it has provided the results and the results show Mr S had ten active accounts and they were all up to date. The checks showed Mr S didn't have any defaults in the last 36 months and his most recent delinquent account was 21 months prior to this loan.

LS was required to carry out proportionate checks and those checks aren't prescriptive and are dependent on a number of things as stated above, bearing in mind the loan amount and repayments, I don't think it would have been proportionate for LS to have requested Mr S bank statements or payslips. I think as it was early in the lending relationship as well, LS was entitled to rely on the information provided by Mr S and also the results of its own checks.

LS did enough checks before lending to Mr S and those checks showed he could afford the loan repayments without financial detriment. So, I don't think LS was wrong to lend this loan to Mr S and I won't be asking it to put things right.

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 Mr S to accept or reject my decision before 5 December 2023.

Oyetola Oduola
Ombudsman