

The complaint

Mr P complains that Gain Credit LLC trading as Lending Stream lent to him without doing the right checks and if it had done better checks it would have seen his finances were in a mess and it would not have lent to him.

What happened

Here is a table to summarise the lending.

Loan	Approved	Amount	Terms (rounded figures)	Status
1	18 July 2023	£300	Six months 5 x £105 & 1 x £74	Repaid early 2 August 2023
2	11 August 2023	£610	Six months. 5 x £183 & 1 x £182	Paid on time January 2024
3	28 August 2023	£600	Six months. 5 x £197 & 1 x £196	Due to end February 2024. Actually paid off June 2024.

Loans 2 and 3 overlapped.

After Mr P had complained to Lending Stream and received its final response letter (non-uphold) he referred his complaint to the Financial Ombudsman Service. One of our investigators considered the complaint and did not think Lending Stream needed to do anything to put things right. Mr P disagreed and the unresolved complaint was passed to me to decide.

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 this type of lending - including all the relevant rules, guidance, and good industry practice - on our website. Lending Stream had to assess the lending to check if Mr P could afford to pay back the amounts he'd borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances. Lending Stream's checks could've considered a number of different things, such as how much was being lent, the size of the repayments, and Mr P's income and expenditure. I think in the early stages of a lending relationship, less thorough checks might have been proportionate. But certain factors might suggest Lending Stream should have done more to establish that any lending was sustainable for Mr P. These factors include:

- Mr P having a low 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 amounts to be repaid being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- Mr P having a large number of loans and/or having these loans over a long period of time (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable);
- Mr P coming back for loans shortly after previous borrowing had been repaid (also suggestive of the borrowing becoming unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable for Mr P. I don't consider that this pattern had developed as Mr P took only three loans.

Lending Stream was required to establish whether Mr P could *sustainably* repay the loans – not just whether he technically had enough money to make his repayments. Having enough money to make the repayments could of course be an indicator that Mr P was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

Mr P has told Lending Stream in his complaint emails which I have seen that when he was applying for these loans he had eight credit card accounts and seven unsecured loans with total repayment value of £1,500. Mr P said that some had missed payments on them and were in arrears.

Mr P applied for the loans and informed Lending Stream that he was employed fulltime, had been with that employer since 2018 and he earned £5,000 a month of which his expenditure was £1,275 for Loan 1. For Loan 2 Mr P declared the same figure for income and expenditure of £1,775. For Loan 3 Mr P declared the same income and £1,250 for his expenditure.

Lending Stream has said that when required it did confirm Mr P's income using an independent company. Mr P has not made any representations to Lending Stream or to us about his income.

Lending Stream did carry out a check on his normal expenditure figures using statistical data to get a good idea as to whether his declared expenditure figures fitted with what it would have expected from an applicant in similar circumstances. For each application it increased his expenditure figures to £1,720, £2,067, and £1,405 (rounded figures) each month.

Lending Stream carried out a credit check. There's no regulatory obligation to carry out such a check and it is not specified as to the level of detail it has to obtain. What it cannot do is obtain that information and then not consider its contents properly. I have received the Lending Stream summary of those three credit check sets of results. These show that Mr P had not had a default for several years before he applied for the Lending Stream loans. Mr P had one delinquent account. I don't consider this was likely to have influenced Lending Stream to feel it needed to do further checks or to refuse the loan application.

Mr P's overall level of debt was high at figures ranging from £36,400 to £44,700 and Mr P had no mortgage according to the credit search it had carried out. So, these were all credit related sums not including a mortgage. Lending Stream had worked out what Mr P's monthly total credit commitment cost was and for Loan 1 it was £873, for Loan 2 it was £1,015 and for Loan 3 it was £1,303. These were increased further in the spreadsheet I have seen.

However, I consider that Lending Stream carried out a proportionate check for each loan application and did its calculations to check that Mr P could afford to repay the instalments each month on the loans it offered to him.

The credit monthly figures costs when combined with the normal expenditure costs led to Lending Stream calculating that when subtracted from his £5,000 a month income Mr P

would have been left with between £1,636 and £2,123 (rounded) each month after he'd paid everything down. So, it considered that Mr P could afford the three loans for which he had applied.

Added to which, for Loan 1, it reduced the amount Mr P applied for to a £300 loan and that may have been due to him being a new customer. Whatever the reason, Mr P paid that off immediately and so when he returned a couple of weeks later for Loan 2, Lending Stream would have considered that his quick repayment was a positive factor to note when looking at his second application for £610. That was approved and again, Mr P paid that down on time.

I have seen that Mr P took longer to repay Loan 3 but all three loans had been approved by then. And so that delay in paying would not have been early enough in time for it to have influenced Lending Stream's considerations.

Mr P is disappointed in the outcome provided by our investigator. But the checks Lending Stream carried out for each of the loans were proportionate to the sums being asked for and in line with what I'd have expected Lending Stream to have done before approving the loans.

I do not uphold the complaint.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 August 2025.

Rachael Williams
Ombudsman