

## The complaint

Mr T, through his representative, complains that Gain Credit LLC trading as Lending Stream lent to him irresponsibly.

## What happened

Here is a table giving brief details of the lending.

Loan	Approved	Amount	Terms	Repaid
1	15 December 2018	£560	5 x £201.28 and 1 x £113.60	14 February 2019 - early
Six month gap in lending				
2	19 August 2019	£820	5 x £281.92 and 1 x £230.40	4 November 2020

A payment plan was set up for Loan 2 from 15 January 2020 at £100 each month. A Notice of Default was served on Mr T in August 2020 for Loan 2.

After Mr T had complained in August 2024, he received Lending Stream's final response letter in October 2024. After his complaint was referred to the Financial Ombudsman Service one of our investigators considered it and did not think that Lending Stream needed to do anything to put things right. The unresolved complaint was passed to me to decide, and Mr T's representative has sent in some bank account statements.

## 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 T 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 taken into account a number of different things, such as how much was being lent, the size of the repayments, and Mr T'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 T. These factors include:

- 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);
- having many 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);

- 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 T. But here Mr T took two loans which does not create a pattern of lending.

Lending Stream was required to establish whether Mr T 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 T was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

For Loan 1 Mr T's income was declared by him as £1,400 a month after tax from full time employment where he'd worked since 2017. Lending Stream's checks meant it did not need to alter that figure. Mr T declared that his monthly expenditure was £820 which Lending Stream adjusted upwards to £901 after applying the data it uses to check on these sorts of figures. After deducting the living costs and general expenditure figure Mr T would have had just under £500 each month left.

Lending Stream carried out a credit search and having done that the declared monthly credit commitment figure of £20 for Mr T remained unchanged. I have seen a copy of that credit check and that spreadsheet does indicate that Mr T's outstanding debt balance (excluding mortgages) was £5,276. The monthly cost to Mr T was recorded as being £106 which seems more realistic than £20 considering his debt figure. So, I have used that larger figure. Deducting that figure does indicate that Mr T could afford his existing credit commitments together with the new Loan 1.

The credit search does indicate that Mr T had defaulted accounts from about five years before and historic data of that age was not likely something that would have prompted Lending Stream to either refuse the loan or consider that additional checks were required. This was Mr T's first loan application for a relatively modest sum. There was nothing else in the credit checks which led to it being prompted to delve deeper. Mr T had applied for £1,000 and the loan sum offered was £560 which was a fair and reasonable move considering the information it did have. Lending Stream carried out proportionate checks and I do not uphold the complaint about Loan 1. It was repaid early.

## **Loan 2**

Mr T returned to Lending Stream for a £1,500 loan six months after paying off Loan 1 early on 14 February 2019. Our investigator did not refer to this but usually when there's been a break in lending of six months or over then we'd consider that it would be fair and reasonable for Mr T to be treated as if he were a new customer. And so, I have treated Loan 2 in this way. Which means that Lending Stream would not be acting disproportionately to rely on information – such as his income and expenditure – as declared by Mr T.

Mr T's income was declared to Lending Stream as £2,000 a month. After completing some checks Lending Stream reduced it down to around £1,818 a month.

The living expenses and costs were £675 a month even after Lending Stream had increased it having applied the metrics it did.

Lending Stream carried out a credit check the value of Mr T's active accounts excluding mortgages had reduced to £5,058. I don't consider that the figure of £25 a month was a realistic sum to be paying for a debt level of over £5,000. And so as Lending Stream has provided information of around £106 a month to cover his credit commitments on the previous loan assessment, then if it had used that then this would have led to it calculating Mr T could afford Loan 2.

I consider that Lending Stream carried out proportionate checks and so no additional checks were required. Although Mr T has sent to us copies of a bank account with transactions for 2019, I have not reviewed them as I do not consider that Lending Stream had got to the stage where a full financial review was required. I consider that would have been disproportionate.

I do not uphold the complaint about either of the loans.

I've also considered whether Lending Stream acted unfairly or unreasonably in any other way and I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr T or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

### **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 T to accept or reject my decision before 5 September 2025.

Rachael Williams  
**Ombudsman**