

## **The complaint**

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

## **What happened**

Mr B took one loan for £1,000 in January 2024. It was repayable over 12 months. The total amount repayable in the original agreement was due to be £2,000. The original agreement repayment schedule signed by Mr B was for 11 monthly repayments of £171.41 and one of £114.49. Mr B repaid the loan early on 2 May 2024 and the total cost of the borrowing to him was £406.83.

After Mr B, through his representative, had complained to Lending Stream in September 2024, it issued its final response giving reasons why it considered that the complaint ought not to be upheld. Mr B referred his complaint to the Financial Ombudsman Service where one of our investigators considered that the margin of affordability was too fine and thought that the loan ought not to have been approved. Lending Stream disagreed. It asked for an ombudsman to review the complaint.

A second view was issued recently to cover off other points raised by Mr B's representative not originally covered in the first investigator's view. Mr B's representative has not come back to us on any of those points and I consider them resolved or ones I need not look at.

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 B 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 B'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 B. 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);

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

I've considered all these factors when assessing the complaint.

The original agreement repayment schedule signed by Mr B was for 11 monthly repayments of £171.41 commencing 29 February 2024 (leap year) and the last one of £114.49. But the statement of account (SOA) Lending Stream has sent to us shows a series of graduated repayment sums due – the highest being £155.40 paid on 29 February 2024. On the excel spreadsheet sent to us by Lending Stream it gave the monthly repayment figure of £166.67 which I have calculated is a different way to present the £2,000 repayable over twelve months as twelve regular amounts. As opposed to eleven higher figures of just over £171 and one lower instalment payment of around £114.

I've no explanation for this differential in the SOA for the sums due but what is clear is that the highest scheduled repayment was meant to be just over £171 each month and that is the figure I have used in my review.

Lending Stream decreased Mr B's declared monthly income after tax from £1,500 to £1,201. If, having carried out a check on Mr B's income it appears that he earned less than he'd declared, Lending Stream was correct to reduce this figure. Mr B has said that he earned even less than that, but this figure has been produced to us in a questionnaire from his representative with no back-up evidence to substantiate that. So, using the £1,201 figure seems reasonable.

Reviewing the general expenditure figures Mr B declared to Lending Stream in Mr B's application (£610 a month), which were cross referenced with Office for National Statistics (ONS) figures, then I consider it justified that Lending Stream increased that sum. It must have decided that the ONS figures indicated that Mr B likely was paying more than £610 each month and so it increased that figure to £927.

Lending Stream has sent to us a summary of the credit search results it carried out before lending. Mr B had four open accounts – likely including at least one current account. And his overall outstanding debt was £916. The results show that Mr B was only repaying around £22 each month. On the excel spreadsheet produced by Lending Stream it presents the figure of just over £40 a month. I have used that latter figure when reviewing the approach taken by Lending Stream for this complaint. My view is that Mr B did not have a high level of debt when he applied to Lending Stream.

Adding up the researched figures for expenditure and credit commitment cost – that comes to £967. On an income of £1,201 a month – after Lending Stream had checked this – then that left Mr B with around £234 a month. The loan cost was £171 for 11 of the 12 months according to the agreement and so Mr B would have had around £63 left over. There's just no cushion there at all. And for Mr B to be left with £2 a day for a twelve month loan commitment period is just too tight.

So, while I appreciate that Lending Stream may say that it carried out proportionate checks, it needed to have established that Mr B 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 B was able to repay his loans sustainably. But it doesn't automatically follow that this is the case. Here, I agree with our investigator – this was too narrow a margin.

I have read all the submissions Lending Stream has made since our investigator's view. These do not change my decision that I uphold the complaint.

## **Putting things right**

The loan has been repaid and so Lending Stream needs to add together the total of the repayments made by Mr B towards interest, fees and charges on the loan.

Then Lending Stream should calculate 8% simple interest\* on that figure calculated from the date Mr B originally made the payments, to the date the complaint is settled.

And Lending Stream should remove any adverse information recorded on Mr B's credit file for this loan if applicable.

\*HM Revenue & Customs usually requires Lending Stream to deduct tax from this interest. It should give Consumer a certificate showing how much tax it has deducted if he asks for one.

I've considered whether the relationship between Mr B and Lending Stream might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Consumer results in fair compensation for him in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

## **My final decision**

My final decision is that I uphold the complaint and direct that Gain Credit LLC trading as Lending Stream does as I have outlined in the 'putting things right' part of the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 October 2025.

Rachael Williams  
**Ombudsman**