

The complaint

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

What happened

I've used rounded figures most of the time in this decision. On 1 December 2023 Mr S applied for a £500 loan and Lending Stream offered him a £190 loan. The repayment amount was due to be just under £62 a month for five months and the last instalment was due to be just under £61. Mr S repaid the loan on 1 January 2024 and the loan account closed.

In September 2024 Mr S complained to Lending Stream and it issued its response giving reasons why the complaint ought not to be upheld. Mr S' complaint was referred to the Financial Ombudsman where one of our investigators considered that that Lending Stream ought to put things right for Mr S. And the reason was because on the figures Lending Stream gathered from Mr S and its own research he would have been left with about £50 each month after paying all his living and credit commitments including the loan instalments.

Mr S accepted but Lending Stream sent us submissions as to why it disagreed. The unresolved complaint was passed to me to decide. On 8 September 2025 I issued a provisional decision giving reasons why I considered that the complaint ought not to be upheld. That is duplicated here for ease of reading.

What I provisionally decided on 8 September 2025 – 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 S 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 S'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 S. These factors include:

- Mr S 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 S 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);
- Mr S 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 S. But Mr S took one loan here and so this does not apply.

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

Using the information from Lending Stream, it has explained that it did use Mr S' declared income of £1,700. For a first loan and for a relatively modest sum of £190 then using that information as declared to it by Mr S looked like a reasonable application of the FCA's regulatory requirements. However, Mr S actually applied for £500 which is a somewhat larger loan. And having done some checks, Lending Stream had gathered that Mr S' normal expenditure figure was not £550 as declared by Mr S but actually around £939. And Lending Stream discovered that Mr S' credit specific expenditure each month was not £50 as declared by Mr S but more like £649 a month having carried out a credit search.

That all led Lending Stream to calculate that the £500 loan would not have been affordable and so it offered him a £190 loan which it did consider affordable with around £50 a month left over when he'd paid all he owed, his normal expenditure and the Lending Stream loan instalments.

This was a very narrow margin of money left over for a six month period. And so, I do think that Lending Stream ought to have carried out an additional check. My view is that checking Mr S' actual monthly salary after tax would have been a prudent and proportionate approach considering the slim margin of affordability it had calculated on its own reduced loan sum of £190. I say that because I have reviewed the credit search Lending Stream carried out and that shows no adverse data recorded and his overall debt balance was £3,477 which is a modest total debt balance in my view. So, with nothing to alert it in that part of Mr S' financial standing, then looking to check what he did actually earn seems a proportionate and relatively easy additional step to take.

I have used one of Mr S' other complaint cases with us and in that I have seen that another lender had obtained two payslips from him before lending. These payslips have confirmed that in February 2024 and March 2024 Mr S' monthly pay was £2,600 (before tax), and he'd clearly been in that employment for some time as it listed his year to date (YTD) total salary. Mr S' pay after tax for each of those two months was £2,134.60.

For the reasons I outlined earlier in this decision, I think that Lending Stream ought to have checked Mr S' salary when he applied for the loan with it on 1 December 2023. This was just a few months earlier than the payslips I've seen on the other complaint file. Therefore, on current evidence I consider that had Lending Stream checked it would have discovered that Mr S' earned more than his declared £1,700 a month. Lending Stream would have been satisfied that Mr S was able to afford the £190 loan and with a greater margin of left over funds each month than it had calculated on the lower salary. I think if it had looked further it would have found this out and still lent. I don't think it's likely that Mr S earned less than the amount Lending Stream based its assessment on. Therefore, I am planning not to uphold the complaint.

Other matters in Mr S' representative's letter of complaint

Mr S has said he needed help when he could not repay the loan and ought to have been directed to debt counselling. The first repayment of 27 December 2023 was missed and Mr S incurred a £12 charge plus an additional 80 pence further interest. Mr S then did pay all of the loan off several months early on 1 January 2024. The total cost of borrowing was £60.64. It doesn't seem to me that he had any significant problems repaying the loan and I'm not upholding this part of his complaint.

Mr S has complained about other matters such as the Continuous Payment Authority which may be an issue he needs to take up with his bank. It is not a matter about which I have any details. Mr S has said he felt pressurised into taking the loan. But there isn't any further information about this and given that Lending Stream didn't want to give Mr S the full amount he applied for I don't consider I've any evidence of pressure.

Neither of these last two points were covered in our investigator's letter of opinion issued in May 2025 and yet Mr S accepted that view. From this it seems that Mr S was content to accept the outcome as it was without these additional points being addressed. Therefore, I have not addressed them either.

This is the end of the duplicated provisional 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.

Neither party has responded and Mr S has the benefit of representation. We have not heard from Mr S' representative either. So in the absence of any further submissions or evidence I have no reason to depart from the findings in my provisional decision. The reasoning and outcome is repeated here. I do not uphold the complaint.

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 s.140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr S 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 I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 October 2025.

Rachael Williams
Ombudsman