

Complaint

Mr R has complained about high-cost short-term credit instalment loans he took out with Gain Credit LLC (trading as “Lending Stream”). He says that these loans were unaffordable and so shouldn’t have been provided to him.

Background

This complaint centres on the provision of six high-cost short-term credit instalment loans that Lending Stream provided to Mr R. Mr R’s lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term	Payment	Combined payment to Lending Stream
1	February 2019		March 2019	£50	24*	£4.03	
2	April 2019		September 2019	£650	24*	£52.16	
3	August 2019	Loan 2	November 2019	£430	24*	£34.50	£86.66 ¹
4	May 2021		September 2021	£400	6**	£130.45	
5	May 2021	Loan 4	August 2021	£560	6**	£102.33	£232.78**
6	June 2021	Loans 4 and 5	November 2021	£250	24*	£19.91	£319.05 ²

* weeks

** months

One of our investigators reviewed what Mr R and Lending Stream had told us. And she thought that Lending Stream ought to have realised that it shouldn’t have provided any of these loans to Mr R. So she recommended that the complaint be upheld.

Lending Stream disagreed and asked for an ombudsman to look at the complaint.

My provisional decision of 20 May 2025

I issued a provisional decision – on 20 May 2025 - setting out why I wasn’t intending to uphold Mr R’s complaint.

In summary, I was satisfied that Lending Stream carried out proportionate checks before lending to Mr R and as these checks showed that the loans were affordable for him, I considered that it wasn’t unfair for Lending Stream to have lent to Mr R.

The parties’ responses to my provisional decision

Neither Mr R nor Lending Stream responded to my provisional decision or asked for any additional time in order to do so.

¹ Mr R had to make two weekly payments of this amount before loan 2 was settled

² As loan 6 had weekly instalments the payments have been converted into a monthly equivalent and added to monthly instalments for loans 4 and 5.

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 explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr R's complaint.

Having carefully thought about everything, including what has happened since my provisional decision, I'm not upholding Mr R's complaint. I'd like to explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Mr R was provided with high-interest loans, intended for short-term use. So Lending Stream needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Lending Stream needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr R before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Lending Stream's checks before agreeing to lend to Mr R

Lending Stream says it agreed to Mr R's applications after he'd provided details of his monthly income and expenditure. It says the information Mr R provided on his income and expenditure showed that he'd be able to make the repayments he was committing to. So it was reasonable to lend. On the other hand, Mr R says that the loans were unaffordable and shouldn't have been provided to him. I've carefully considered what the parties have said.

Did Lending Stream act fairly and reasonably when providing loans 1 to 3 to Mr R?

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information Lending Stream has provided suggests that Mr R was asked to provide details of his income, was asked questions about his expenditure and that credit checks were carried out before all of these loans were provided.

Furthermore, the investigator's assessment failed to highlight that the first three loans that Lending Stream provided Mr R with had weekly, rather than monthly, instalments. Mr R may have had defaulted accounts. However, I don't think that this means he shouldn't have been lent to in the way that he has argued. Indeed, there isn't a prohibition on lending to an individual because they may have previously defaulted on a couple of credit commitments.

Equally, while I've seen that the investigator referred to Mr R being behind on priority bill payments as a result of reviewing information on his full credit report, Lending Stream's credit check didn't show this. As Lending Stream didn't have a copy of Mr R's full credit report and neither would I expect to have obtained this, I don't see how it would have known about Mr R's arrears. For the sake of completeness, I'd also add that as Mr R had settled

loans 1 and 2 early and ahead of schedule, I can't see that Lending Stream had reason to suspect that Mr R might have been behind on his priority bills either.

Bearing in mind the amount of the repayments for these loans, the questions Mr R was asked and this was at the beginning of Mr R's lending relationship with Lending Stream, I don't think it was unreasonable for Lending Stream to rely on the information Mr R had provided in deciding whether to advance the first three loans.

Did Lending Stream act fairly and reasonably when providing loans 4 to 6 to Mr R?

I'm also mindful that investigator's assessment doesn't appear to have taken into account (or, at the very least, she's failed to acknowledge) that there was a break of around 18 months between loan 3 being repaid and Mr R's successful application for loan 4. This is important because I'm satisfied that the gap between loan 3 being repaid and loan 4 being taken meant that Lending Stream was entitled to treat this application afresh, rather than as a continuation of any previous cycle of lending.

I say this particularly as the 18-month break was double the nine-month period between loan 1 being provided and loan 3 having been repaid. It's also fair to say that by the time of loan 4 the information in Lending Stream's credit searches also suggested that Mr R's circumstances were relatively stable. Mr R didn't have any additional defaulted accounts and the amount he owed elsewhere wasn't excessive in comparison to his income either. In these circumstances, I don't think that there was any obvious reason for Lending Stream to have doubted the accuracy of the information that Mr R provided for loans 4, 5 and 6.

I accept that Mr R's actual circumstances may not have been reflected either in the information he provided, or the other information Lending Stream obtained. And I'm sorry to hear that Mr R was struggling financially and that he found it difficult to repay his loans even though the vast majority of them were repaid early. But Lending Stream could only make its decisions based on the information it had available at the time. And, given the break between loan 3 being repaid and loan 4 being taken, I don't think proportionate checks would have extended into Lending Stream asking Mr R to evidence what he was declaring at the time of his applications.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Lending Stream did anything wrong in deciding to lend to Mr R - it carried out reasonable checks even though it looks like the information it might have been provided with was inaccurate. Lending Stream reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Mr R's loan history, I don't think it was unreasonable for Lending Stream to lend – especially as there wasn't anything obvious, in the information it had, to suggest Mr R wouldn't be able to sustainably repay these loans.

Did Lending Stream lend to Mr R in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for him?

In reaching my conclusions, I've also kept in mind that Lending Stream provided a total of six loans to Mr R and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I think that there are a number of reasons why Mr R's pattern of borrowing doesn't in itself appear problematic here.

Firstly, as I've already explained there was a significant break of 18 months between loan 3 being repaid and loan 4 being provided. Mr R also settled a number of these loans well ahead of scheduled end of the term. I also think that it's also noting that Mr R was only ever

indebted to Lending Stream for a total period of 13 months (nine months for loans 1 to 3 and four months for loans 4 to 6).

This is without even taking into account the 18-month break Mr R had between loans 3 and 4. Bearing in mind it's not uncommon for individual high-cost short-term credit loans to be provided over terms equivalent to the entire period Mr R was indebted to Lending Stream for, I don't think that Lending Stream ought to have realised that Mr R was using these loans in a way that was unsustainable.

So while Mr R being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Lending Stream to have provided these loans to Mr R on the basis that it ought to have realised that it was increasing Mr R's indebtedness in a way that was unsustainable or otherwise harmful.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between Lending Stream and Mr R might have been unfair to Mr R under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Lending Stream irresponsibly lent Mr R or treated him unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that Lending Stream acted unfairly when providing Mr R with these loans. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr R – particularly as our investigator, albeit erroneously, suggested the complaint should be upheld. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons explained above and in my provisional decision of 20 May 2025, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 July 2025.

Jeshen Narayanan
Ombudsman