

## The complaint

Mr W complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave him loans without carrying out sufficient affordability checks.

## What happened

A summary of Mr W’s borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£1,000.00	12/12/2023	07/05/2024	12	£158.79
2	£200.00	07/05/2024	07/07/2024	6	£63.12
3	£900.00	07/07/2024	outstanding	6	£288.90

Following Mr W’s complaint, Lending Stream wrote to him and explained why its checks were proportionate and showed the loans to be affordable. Mr W then referred the complaint to the Financial Ombudsman.

The case was then considered by an investigator, who didn’t uphold it Lending Stream had carried out proportionate checks and made adjustments to the expenditure information Mr W declared.

Mr W didn’t agree with the assessment, saying, in summary;

- The loans were unaffordable and they have caused significant financial difficulties.
- The adjustments made by Lending Stream were not sufficient given his living costs and his outstanding credit commitments.
- Mr W needed a repayment plan which shows loans were unaffordable.
- Mr W already had unsustainable levels of debt when these loans were granted which Lending Stream knew and this ought to have led it to carry out further checks.
- Mr W took three loans in quick succession and this was a pattern that ought to have led to a more cautious approach being taken.

These comments didn’t change the investigator’s mind as no agreement could be reached the case has been 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 W 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 of the applications. 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 W's income and expenditure.

With this in mind, 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 W. These factors include:

- Mr W 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 W 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 W 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 W. The investigator didn't believe this applied to Mr W's complaint. I agree, considering the number of loans and the varying amounts Mr W borrowed.

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

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr W's complaint.

### *Loan 1*

Mr W declared, Lending Stream his income was between £2,052 per month and he declared his monthly outgoings were £275 per month – which included existing credit commitments.

However, Lending Stream didn't just rely on what it was told by Mr W. Lending Stream says it used a third party to check his income and the results indicated what Mr W declared was likely accurate. For a first loan, I think it was entirely fair and proportionate for Lending Stream to have relied on not just what Mr W had declared but also the results of its check.

Lending Stream then went about checking Mr W's outgoings, it says it looked at available statistics that relate to the general population and it considered how much people typically spend with their income. It then cross referenced these against what Mr W had told it.

Having carried out this further check, Lending Stream increased Mr W's living costs from £50 to £519 per month. It also increased Mr W's monthly credit commitments, from £225 to £1,032 – this was based on the credit search results that Lending Stream received.

I've thought about where it was fair for Lending Stream to have relied on statistical data, but this is allowed under the regulations that Lending Stream must follow. It was also reasonable for it to make the adjustments, because it suspected that Mr W had underreported his

outgoings. For a first loan, I don't think it had reached the point where Lending Stream needed to verify Mr W's outgoings beyond what it did.

Lending Stream also carried out a credit search and it has provided the results it received from the credit reference agency. Lending Stream was also entitled to rely on the information it was given by the credit reference agency. So, I've looked at the results to see whether there was anything contained within it that would've either prompted Lending Stream to have carried out further checks or possibly have declined Mr W's application.

Lending Stream was told that Mr W had at least 15 active credit accounts owing around £37,411 to other creditors. Lending Stream has provided a breakdown of these accounts, so I know Mr W had an overdraft, loans and credit cards. For example, it knew there were already four loans outstanding costing just over £900 per month. And this is where most of Mr W's debt lay – as he owed £25,000 to these loans.

But, the results didn't show any adverse credit file data – there were no defaults or missed payments. Indicating that Mr W was maintaining his repayments to his existing creditors without any obvious signs of difficulties.

Equally, when the loan was approved, at most Lending Stream was told that Mr W's monthly credit commitments were just over £1,000 per month – which was significantly more than he had declared as part of his application which was around £225. But I can see that as part of its affordability assessment Lending Stream factored in the known increased costs – and uplifted the figures Mr W provided to better reflect the information it saw in the credit search.

This was fair and reasonable and as Lending Stream had a reasonable idea of Mr W's existing credit commitment it didn't need to check this information any further, such as through collecting bank statements.

The uplifts Lending Stream applied to the monthly living costs and Mr W's credit commitments still demonstrated that there was sufficient disposable income to afford the payments. In my view, Lending Stream carried out proportionate checks which demonstrated to it that Mr W would likely be in a position to afford to take on the loan.

I am therefore not upholding this loan.

### *Loans 2 – 3*

Lending Stream carried out the same sort of checks for these loans as it had done so for loan 1. Mr W's declared income similar income for these loans as he did for loan 1, and he earned no more than £2,201 per month. Lending Stream again says these figures were crossed checked with a third party. I consider that to be reasonable as there wasn't anything else to have prompted a further check into Mr W's income.

Lending Stream asked for details of Mr W's monthly costs as well as his credit commitments. It then went about checking this against the information from the credit search results as well as the third-party cross checking. Lending Stream had to adjust Mr W's monthly living costs and credit commitments upwards for each loan – but the results of these checks were the same, it left Mr W sufficient disposable income to afford the repayments he was committed to making.

Lending Stream carried out credit searches before each loan and the results have been provided. Again, I've looked at them to see whether there was any indication that Mr W was having or likely having financial difficulties.

The results for both loans showed that Mr W's situation hadn't changed to much, for both loans Lending Stream was told there were now 17 active accounts. The increase could be explained by the opening of the Lending Stream loans. However, Mr W's overall indebtedness remained broadly similar as it had been for loan 1.

The credit checks didn't show any missed payments, or delinquencies or suggested that Mr W's financial position was deteriorating, at best it could be described as static. It also knew the makeup of the accounts Mr W had including the balances and although there was a fair amount of debt the indication was Mr W was making his repayments as and when they become due. I'm therefore not persuaded that further checks were needed when these loans were approved.

I also accept that Mr W was spending at times over half his checked income on credit commitments, and that can be a sign that someone is having financial difficulties. But in this case, Mr W had told Lending Stream he lived at home with parents, and so wouldn't have had the same sort of priority bills that someone in either rented or mortgaged accommodation has. As such, given everything else, I don't think there was anything else to have prompted Lending Stream to carry out further checks.

I accept that Mr W's actual financial position when each loan was granted may have been more complex than either in the information he provided or what Lending Stream discovered by carrying out its checks. However, the obligation on the part of Lending Stream is to carry out a proportionate check and I'm satisfied it did that in the case of Mr W's lending.

I've also considered the pattern that Mr W has highlighted, that he took loans 2 and 3 on the days the previous loans had been repaid. I've thought about this because there are situations where a pattern of lending could lead to the complaint being upheld, but I don't think it applies here.

Although Mr W took two loans quickly they were for different terms and different loan amounts each time, there was no pattern of Mr W borrowing larger and repaying them over longer terms. In my view, it hadn't quite reached the stage where Lending Stream could be confident a pattern had developed.

For these loans, I'm not persuaded that Lending Stream did anything other than proportionate checks and it took account of the information was provided and collected. It made adjustments and still the loans looked affordable. I am therefore not upholding Mr W's complaint.

An outstanding balance remains due and I would remind Lending Stream of its obligation to treat Mr W fairly and with forbearance while discussing a way forward.

Taking everything into account, I am not upholding Mr W's complaint about these loans.

Finally, I've also 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 Lending Stream lent irresponsibly to Mr W 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**

For the reasons given above, I am not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or

reject my decision before 16 July 2025.

Robert Walker  
**Ombudsman**