

## The complaint

Miss C complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) shouldn’t have given her any loans because at the time she was trapped in a debt spiral.

## What happened

A summary of Miss C’s borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£300	15/09/2024	22/11/2024	6	£108.92
2	£300	04/01/2025	outstanding	6	£93.28
3	£1,260	08/02/2025	outstanding	6	£459.07

The end column is the largest payment per loan, but where loans overlapped the cost would be greater. For example, when loans 2 and 3 were running concurrently Miss C was due to pay Lending Stream £552.35 per month.

Following Miss C’s complaint, Lending Stream explained why it thought it had carried out proportionate checks which showed the loans to be affordable. Unhappy with this outcome, Miss C referred the complaint to the Financial Ombudsman.

The complaint was then considered by an Investigator who didn’t uphold it. Miss C disagreed with the outcome, saying she couldn’t afford to repay the lending and she was reliant on payday loans which showed she was in difficulties. These comments didn’t change the investigator’s mind and 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.

Miss C has provided a significant amount of personal information about her circumstances at the time – I thank Miss C for sharing the information as I appreciate that couldn’t have been easy for her. Lending Stream is aware of some of this information and it will need to take it on board when discussing a way forward with Miss C. I’ve not mentioned it in any more detail in order to protect Miss C’s privacy.

Lending Stream had to assess the lending to check if Miss C could afford to pay back the amounts she’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 Miss C'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 Miss C. These factors include:

- Miss C 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);
- Miss C 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);
- Miss C 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 Miss C. The Investigator considered this didn't apply in the circumstances of Miss C's complaint – and I would agree given only three loans were approved.

Lending Stream was required to establish whether Miss C could *sustainably* repay the loans – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss C was able to repay her 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 Miss C's complaint.

## **Loan 1**

Miss C declared she earned £3,000 per month. But Lending Stream checked this with an independent credit reference agency to check the accuracy of what was declared. No adjustments were made so it was reasonable of Lending Stream to conclude what Miss C declared was accurate.

Miss C also provided information to Lending Stream about her living costs and her existing credit commitments – which in total Miss C declared came to £2,200 per month. But like the income, Lending Stream made further checks into her outgoings. To check her regular living costs Lending Stream took account of statistical data from third party services and it also carried out a credit check – which gave it an idea of the amount of existing monthly payments Miss C may have had.

Having carried out these checks, Lending Stream calculated Miss C's existing living costs and credit commitments came to £2,726.06 per month. This left just under £300 per month disposable income to afford the monthly repayments of just over £108. The loan looked affordable to Lending Stream given the information it had.

As I've said, Lending Stream also carried out a credit search, and it has provided the Financial Ombudsman with a summary spreadsheet of the results it received from the credit reference agency. I'd also add that there is no regulatory requirement for a credit search to be carried out, let alone one to a specific standard.

Lending Stream was also entitled to rely on the information it was given by the credit reference agency and the results it received could differ from the information Miss C may be able to see in her own credit report. But 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 Miss C's application.

Miss C had 13 active accounts and Lending Stream was told it was costing her £658 per month to service her existing debts – and based on the results these accounts had been repaid without any difficulties.

Miss C says at the time that she was stuck in a cycle of borrowing – and it's possible that some of the 13 active accounts she had were payday or instalment loan accounts. However, as far as I can see – based on the evidence provided Lending Stream wasn't aware of the types of accounts that made up the 13 active accounts. And as there was no requirement to do a credit search let alone to a specific standard, I can't conclude Lending Stream has made an error when it didn't find out more about Miss C's existing credit.

Lending Stream did know that Miss C had defaulted on three accounts, but the most recent default had been recorded over 56 months before. Given the amount of time that had passed since the defaults I think it was entirely fair and reasonable for Lending Stream to consider these as historic and not a likely indicator of any current financial difficulties Miss C may have been having.

Overall, there also wasn't enough in the information that Lending Stream obtained that would've led it to conclude that it needed to have carried out further checks. In my view, Lending Stream carried out proportionate checks which demonstrated to it that Miss C would likely be in a position to afford to take on this loan. I am therefore not upholding her complaint about this loan.

### **Loans 2 and 3**

I've considered these loans together as they were granted fairly close together and they ran concurrently – meaning that once loan 3 was granted Miss C was due to pay over £552 to Lending Stream.

As part of his application for these loans, Miss C declared to Lending Stream her income was £3,700 and £3,750 per month. If needed, Lending Stream would've cross checked this income with statistical sources – no adjustments have been made to the declared figures – and so whether a cross check was or wasn't carried out at this point in time hasn't led me to conclude it needed to do more such as obtaining bank statements or copy payslips.

Miss C also declared monthly outgoings of no more than £1,905 per month (at loan 2) – which included her existing credit commitments. Lending Stream then went through the same process as described for loan one to see whether the information Miss C provided matched statistical data and information from her credit file.

Having carried out this further check, Lending Stream made adjustments to each loan application by adding further amounts to both her living costs and credit commitments. This took her total monthly outgoings up to £2,178 when loan three was granted.

Lending Stream could fairly conclude the loans were affordable given the largest combined payment and Miss C's declared and checked outgoings.

Lending Stream also carried out credit searches before it granted these loans – and the same caveats apply to the results as they did at loan 1. There were no new defaults reported and Miss C had a similar number of active accounts and similar monthly credit commitments as she did at loan 1. There wasn't anything to have prompted Lending Stream to conduct further checks.

It is entirely possible that Miss C was stuck in a cycle of borrowing, I've seen from her records that she's raised other complaints with the Financial Ombudsman about borrowing that was taken at around the time of these loans.

Some, or all, of that information may well have been contained within Lending Stream's credit check results but equally – there can be a delay of up to six to eight weeks before information is reported to the credit reference agencies after new credit is granted. So, it's equally possible that the recently opened credit hadn't yet shown up in the credit search results.

Lending Stream was also entitled to consider previous repayment performance and loan 1 had been repaid much earlier than expected. And before loan 3 was granted, loan 2 had been repaid as expected. It seems that Miss C's repayment problems started after loan 3 was granted. So, Miss C's past payment performance wasn't an indicator that she was likely to have, or was having, repayment difficulties at the time.

I've considered that loan 3 was for the largest sum yet but I don't think taking three loans in of itself is a sign that Miss C was stuck in a cycle of borrowing with Lending Stream.

There also wasn't enough in the information that Lending Stream obtained that would've led it to conclude that it needed to have carried out further checks. In my view, Lending Stream carried out proportionate checks which demonstrated to it that Miss C would likely be in a position to afford to take on these loans. I am therefore not upholding Miss C's complaint.

I've also 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 Lending Stream lent irresponsibly to Miss C or otherwise treated her 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.

An outstanding balance remains due for loans 2 and 3 and Miss C and Lending Stream should try and work together to come to a mutually agreeable way forward. I would remind Lending Stream of its obligation to treat Miss C fairly and with forbearance if necessary.

### **My final decision**

For the reasons I've outlined above, I am not upholding Miss C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 8 January 2026.

Robert Walker  
**Ombudsman**