

The complaint

Miss R complains that Gain Credit LLC trading as Lending Stream lent to her irresponsibly when they provided her with four instalment loans.

What happened

In 2023, Miss R was provided with an instalment loan by Lending Stream for £200, repayable over six instalments. This was followed by three further loans, with all the lending decisions made within a seven-month period. The last two loans ran concurrently.

I've included a table below showing more detail around the lending agreed.

Loan date	Amount borrowed	Repayment schedule
08/11/2023	£200.00	5 x £70.12 / 1 x £49.40
12/05/2024	£200.00	5 x £68.53 / 1 x £53.60
13/06/2024	£250.00	5 x £84.86 / 1 x £75.70
21/06/2024	£300.00	5 x £96.68 / 1 x £95.43

In 2024, Miss R complained. In summary, she said Lending Stream had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

Lending Stream didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the lending had been agreed. They were satisfied they had lent responsibly.

Miss R disagreed; she still thought Lending Stream were wrong to have lent to her. So, she referred her complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, she didn't think Lending Stream had done anything wrong. In short, the Investigator said:

- The checks carried out by Lending Stream were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Lending Stream any cause for concern.
- There was nothing that would have suggested to Lending Stream that Miss R was struggling financially, and/or wouldn't be able to afford the loan repayments.
- Any financial struggles, which did materialise for Miss R later, wouldn't have been apparent to Lending Stream at the time they provided Miss R with the credit.
- Overall, with that in mind, Lending Stream hadn't acted unfairly or unreasonably in providing these levels of credit to Miss R.

Miss R disagreed. She maintained she'd been irresponsibly lent to. She said Lending Stream should've realised from the frequency of her borrowing; the short amount of time between taking the loans; and the increase in borrowing amounts, that she was in financial difficulty and that her debt problems were getting worse. So, as no agreement has been reached by the parties, Miss R's complaint has now 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.

Having done so, while this will no doubt disappoint Miss R, I agree with the findings of our Investigator and for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Miss R was provided with the loans, required Lending Stream to carry out a reasonable and proportionate assessment. That's to determine whether Miss R could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Miss R. So, Lending Stream had to think about whether repaying the credit sustainably would cause her difficulties, or other adverse consequences. In other words, Lending Stream had to consider the impact of any repayments on Miss R.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking.

Our website sets out what we typically think about when deciding whether checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information they gather and what they do to verify that information – in the early stages of a lending relationship (albeit we might think it needed to do more if, for example, a customer's income was particularly low, or the amount lent was particularly high). The longer a lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, dependant on the volume of lending, the amounts borrowed, and the customer's wider circumstances, we might expect a lender's checks to go further, in order that they could ensure the lending remained responsible.

I've kept all of this in mind when thinking about whether Lending Stream did what they needed to before agreeing to lend to Miss R.

Looking at the first loan arranged in November 2023, before agreeing to lend, Lending Stream checked data recorded with Credit Reference Agencies ("CRAs"); and they relied upon information provided by Miss R in her application. In addition to this, they used information gathered from independent external sources, that collected statistics, looking at the spending habits, for different customer groups. Where Miss R's estimates fell below the average spend information sourced, Lending Stream increased Miss R's estimates to allow for potential increased costs; in doing so, providing even more of a buffer when assessing affordability. I've been provided the results of Lending Stream's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults; nor was Miss R subject to an Individual Voluntary Arrangement ("IVA").

Lending Stream recorded Miss R's self-reported income at £1,600 a month. And, when they deducted her housing costs, general living expenses, along with her credit commitments, they established that Miss R would have had access to a disposable income of around £881 from which she could make her repayments. This was after increasing her declared living costs of £275 up to over £600, based on the estimates they obtained from external sources.

Given Lending Stream's findings, and the initial £200 credit limit being offered, I think Lending Stream's checks went far enough, and I think it was reasonable for them to conclude that the loan would be affordable for Miss R on that basis.

Miss R's circumstances didn't change greatly when she took out loans two, three and four either. With her declared income still around £1,600. And Lending Stream allowing for increased living expenses each time.

I can see that at the time of taking out loan 2, Miss R's credit commitments had increased by a couple of hundred pounds monthly. But Lending Stream's checks still evidenced that she had a disposable income of over £500 a month, from which to make her monthly repayments of around £68. And given she was borrowing just £200, there's nothing I've seen to suggest that Lending Stream's checks needed to go further. I'm therefore satisfied their checks went far enough, and I don't think it was unreasonable for them to provide loan 2 either.

Loans 3 and 4 were for slightly higher amounts, where Miss R borrowed £250, and £300 respectively. I've also noted that loan 4 was taken out shortly after loan 3, resulting in the balances - and subsequently the outstanding payments due - running concurrently.

But even with both loan payments falling due - which committed Miss R to monthly repayments of a little under £200 at times - at the point these loans were taken out, Miss R's existing credit commitments, were showing as having reduced from the time of taking out loan 2. And she was still showing to have in excess of £500 in disposable income which she could use to maintain the repayments owing. Furthermore, there was no new adverse information apparent from the checks Lending Stream had completed.

So, while I am sorry to disappoint Miss R; I know this won't be the outcome that she's hoping for, it's for the reasons I've explained that I don't think Lending Stream acted unfairly or unreasonably when they provided her with these loans. So, for these reasons, I won't be asking them to do anything further.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Lending Stream lent irresponsibly to Miss R or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Miss R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 5 January 2026.

Brad McIlquham
Ombudsman