

The complaint

Mr F complains that Gain Credit LLC trading as Lending Stream was irresponsible in its lending to him. His complaint is about the loan provided in October 2024. Mr F wants all interest and charges refunded along with statutory interest and to only be liable to repay the amount he borrowed.

What happened

Mr F was provided with a £550 loan by Lending Stream in October 2024. Mr F was required to make five monthly repayments of £194.51 followed by a final payment of £127.15. Mr F doesn't believe that sufficient checks were completed before the loan was given and that had they been, Lending Stream would have realised that he already had several debts outstanding and that he was in a cycle of debt. Mr F said that the loan wasn't affordable.

Lending Stream issued a final response to Mr F's complaint dated 17 March 2025. It said that it gathered information about Mr F's income and expenses to ensure the loan would be affordable for him and it also carried out a credit search. It didn't accept that it had lent irresponsibly.

Mr F referred his complaint to this service.

Our investigator noted the checks that Lending Stream had undertaken and that these showed Mr F to have less than £100 disposable income per month after the loan repayments. In the context of the current economic environment – where inflation and living costs are high – our investigator didn't think that such a narrow financial margin was sufficient to cover unexpected or emergency expenses. Therefore, she didn't think that this loan should have been given and upheld this complaint.

Lending Stream didn't agree with our investigator's view. It said that Mr F's income was verified using a credit bureau tool and there was no reason to adjust this (although it further noted that the data indicated that Mr F had understated his income). Lending Stream explained that it took a conservative approach to income and expenses and will take a lower income and higher expenses figure if there is evidence of this. It said this approach was taken which meant buffers were factored into the assessment to allow for unexpected costs. It explained that had it just relied on Mr F's declared expenses his disposable income would have been much higher. Lending Stream noted that there were no signs of financial difficulty at the time the loan was given and that Mr F has maintained a strong repayment history.

Our investigator responded to Lending Stream's comments but as these didn't change her view, and a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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.

While Mr F was provided with seven loans by Lending Stream between August 2022 and October 2024, he has only raised a complaint about the final loan, provided in October 2024, and it is this loan this decision relates to.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr F was provided with a £550 loan by Lending Stream which required monthly repayments of around £194 (and a final payment of around £127). Before the loan was provided, Lending Stream asked Mr F about his employment and income and his expenses. Mr F's income was verified using a credit bureau tool and his expenses were checked using credit bureau and other third-party data. A credit check was also carried out. Mr F declared he was employed and his monthly income of £2,000 was verified. Given the size of the loan and the repayments compared to Mr F's income and noting that his credit check didn't raise any serious concerns, I think the checks carried out were proportionate.

However, just because I think the checks were proportionate, it doesn't necessarily mean that I think the loan should have been given. To assess this, I have considered the information received through the checks to see if this should have raised concerns that the loan might not be sustainably affordable for Mr F, or that there were other reasons why this shouldn't have been provided.

Mr F's income was confirmed as £2,000 and Lending Stream has explained the approach it takes in regard to the income and expenses. I agree that based on Mr F's declared expenses his disposable income would have been higher than Lending Stream calculated. However, I think it right that Lending Stream used its usual approach considering the costs declared by Mr F alongside his credit file to confirm his credit costs and third-party data for his living costs.

Mr F's credit check showed that Mr F had over £20,700 of non-mortgage debt and 18 active accounts. This was an increase from the amount of debt and number of accounts Mr F had at the time of his previous loan around nine months earlier. At that time, Mr F had around £11,500 of non-mortgage debts. While I am only considering the October 2024 loan, as Mr F had a lending history with Lending Stream I think this information needed to be considered and I think the substantial increase in Mr F's outstanding debts and increase in his number of active accounts should have raised concerns that he was becoming increasingly reliant on debt.

I note Lending Stream's comments about its approach building in buffers into its affordability assessment. But, as noted above, Mr F's credit check showed non-mortgage debt of over £20,700 and while an amount of £335 was recorded in the credit check for Mr F's monthly payments, (a figure higher than he declared), noting Mr F has said his debt was mainly credit card debt, I think it reasonable that Lending Stream increased the repayments in its assessment. Lending Stream also increased the amount for Mr F's normal expenses, and I can see this brought this figure in line with the amounts included in Mr F's previous loan assessments. So, while I note Lending Stream's comments about its adjustments, these were applied following its usual approach and I think it reasonable that based on the assessment, Lending Stream would still need to see a reasonable disposable income to be confident that the lending would be sustainably affordable. In this case, Mr F's disposable

income was calculated to be around £84 after the loan repayments. I think this, along with Mr F's increasing levels of debts, should have raised concerns that the loan wouldn't be sustainably affordable for him.

I've also considered whether Lending Stream acted unfairly or unreasonably in some other way given what Mr F has complained about, including whether its relationship with Mr F might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr F in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I do not think that Lending Stream should have given this loan it shouldn't be able to charge any interest or charges on the agreement. However, as Mr F had the use of the loan proceeds, I think it fair that he is required to repay these.

I note in this case that Mr F has repaid more than he borrowed. Therefore, to resolve this complaint Lending Stream should:

- Add together the total of the repayments made by Mr F towards this loan and treat them as though they had been repayments of the principal loan amount of £550. As this will result in overpayments, Lending Stream must refund these with 8% simple interest* calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled.
- Lending Stream must remove any adverse information recorded on Mr F's credit file in relation to this loan.

*HM Revenue & Customs requires Lending Stream to deduct tax from this interest. It should give Mr F a certificate showing how much tax it's deducted, if he asks for one.

My final decision

My final decision is that Gain Credit LLC trading as Lending Stream should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 29 October 2025.

Jane Archer
Ombudsman