

## The complaint

Mr J complains that Gain Credit LLC trading as Lending Stream lent to him twice when he could not afford to repay the loans.

## What happened

Mr J took two loans. Here is a brief set of details in a table.

Loan	Approved	Amount	Terms (rounded)	Repaid
1	26 March 2024	£450	6 x £150/month	27 September 2024
2	3 July 2024	£430	6 x £137/month	22 October 2024 early

Mr J complained to Lending Stream in February 2025. After he had received its response, the complaint was referred to the Financial Ombudsman Service and one of our investigators upheld the complaint for both loans. Lending Stream disagreed and the unresolved complaint was passed to me to decide.

I issued a provisional decision (“PD”) on 1 December 2025 giving reasons why I considered that the complaint ought not to be upheld but invited the parties to send me additional information if they wished. That is duplicated here for ease of reading:

### My first provisional decision issued 1 December 2025

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint. Lending Stream had to assess the lending to check if Mr J 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.

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 J’s income and expenditure.

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 J. These factors include:

- Mr J 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 J 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 J 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 J. I don’t consider this applied to Mr J’s circumstances as he only took two loans but I do note that the loans overlapped.

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

In correspondence I've seen between Mr J and Lending Stream before the complaint final response letter was issued, Lending Stream acknowledged he'd taken ten loans with it and that had precipitated an earlier response in 2017. These loans had been dealt with before as complaints. They were too long ago for them to have had an impact on the checks Lending Stream considered appropriate in 2024, but it does demonstrate to me that Mr J was familiar with high cost shorter term loans and had used them in the past.

Lending Stream was satisfied that Mr J's declared monthly income after tax was £1,780 for Loan 1 and £1,950 for Loan 2. But I've seen no evidence of it having checked those figures. For both loans, Lending Stream accepted Mr J's declared living expenses as being £625 a month but it also used statistical data to check that these were about right based on Mr J's address, area and other such details. The FRL indicates that Lending Stream treated rent, utilities, food, transport costs and dependent care as these living expenses.

It increased those living expenses to £1,085 and £862 for each of the loans respectively. Given these were the first two loans Mr J had borrowed for a long time then that seemed reasonable and fair by Lending Stream. But I note that it increased these figures quite substantially and that the figure for Mr J's living expenses at Loan 2 was lower than for Loan 1 which is not logical. I say that because usually I'd expect statistical data augmented figures to have resulted in much the same sort of amounts for living expenses. Here there was a £223 difference. Whereas the gap between the loan applications was not long. So, I'm not satisfied with Lending Stream's figures for Loan 2.

Lending Stream carried out credit searches. Mr J had said that the cost to him each month was £0 and after it had done the search Lending Stream inserted figures of around £466 and £868 a month respectively. The figure for the Loan 2 application was a significant mark-up. That £868 monthly figure I can see from the records it has sent to us would have included both Loans 1 and 2 repayment figures. These were the figures it used in its affordability calculations.

For Loan 1, Lending Stream had calculated that Mr J had around £229 left over with which to make the repayments of £150 each month. And for Loan 2 it calculated that Mr J had around £220 with which to repay Loan 2 at just over £137 a month. So, in both cases Lending Stream's figures demonstrate that Mr J would have been left with about £79 or £83 a month after paying all his costs and his credit commitments plus the Lending Stream loans.

Mr J says that his credit history would have shown he was already struggling with loan repayments but the credit search results I've seen from Lending Stream show no adverse credit data was identified for either of the loans.

I've thought about the figures I've been presented with and the regulatory requirements, and I consider that for the first loan Lending Stream's calculations likely were fair and reasonable. I appreciate why our investigator considered that having around £79 left over was a bit low. But this was a first loan and for a short time. I plan not to uphold the complaint about Loan 1.

For the second, I don't think that Lending Stream carried out fair, reasonable or proportionate checks. Mr J's income had apparently increased to £1,950 by £170 a month in a relatively short time – since March 2024. I think that ought to have been checked and I've seen no evidence from either party as to what Mr J's income actually was.

The Loan 2 application meant that it was going to overlap with Loan 1, and Lending Stream's calculations differ substantially for the statistical data augmented living costs. Plus, Mr J's

credit commitment cost had increased a lot to £868 a month when he applied for Loan 2. Mr J's overall debt figure was almost £14,500 which is not insignificant. £868 on an income of £1,950 is 46% and if Mr J's income was lower, as it feasibly could have been considering that it was lower for the Loan 1 application, then that percentage would have been higher at almost 49%. So, I consider that additional checks on his income and his living expenses were warranted. Especially when Lending Stream's own calculations came to a narrow affordability margin of around £83.

But I've not received any evidence from Mr J as to what his actual income was or his actual living costs were. And so, I don't consider it a fair outcome that I uphold the complaint about Loan 2 on the current evidence.

Mr J has said in his letter of complaint that he struggled to repay the loans and had to enter repayment plans. I've reviewed both of the Statements of Account (SOA) and there's no evidence of that. Both loans were repaid without any issues and Loan 2 was repaid early. I've also considered whether Lending Stream acted unfairly or unreasonably in any other way and I have 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 it lent irresponsibly to Mr J 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. On current evidence I plan not to uphold the complaint.

Since the PD was issued on 1 December 2025, Mr J made submissions about both loans and sent to us copy payslips and copy bank account statements. So, on 16 December 2025 I issued a second PD. It is to be read in conjunction with the first. That is duplicated here for ease of reading. The two PDs need to be read together.

### **What I've provisionally decided for the second time on 16 December 2025 – and why**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

**Loan 1** I thought about the figures I was presented with and the regulatory requirements, and in my first PD I considered that Lending Stream's checks plus its calculations at Loan 1 likely were fair and reasonable. Added to which, for a first loan and for a modest sum our approach is that we consider Lending Stream was acting fairly to use the income figure declared by the applicant. Although I did not specifically state that in my first PD Mr J needs to be aware that use of his declared income of £1,780 was a reasonable figure for Lending Stream to use. So, I make no alterations to my provisional decision findings in relation to Loan 1.

**Loan 2** My concern surrounding Loan 2 articulated in my first PD, was that Lending Stream's statistical data figures for Mr J's living expenses were different to those used at Loan 1 – they were much lower. There was no logic in that. Plus, Mr J's monthly income as he'd declared it had increased to £1,970. And although that's feasible that his net monthly income could have increased, my experience is that's unlikely in such a short time between loan applications.

These loans overlapped as well and so for all of these reasons I considered that Lending Stream ought to have done more checks before lending again in early July 2024. My provisional view was that additional checks on Mr J's income and his living expenses were warranted. Especially when Lending Stream's own calculations came to a narrow affordability margin of around £83 each month left over.

However, I had no evidence with which to review what it was that Lending Stream would have seen if it had carried out further checks. Recently, Mr J has furnished me with information, and I have reviewed it all.

As the Loan 2 application was 3 July 2024, then I consider that the June 2024 payslip would have been appropriate. I have payslip copies for the end of April 2024 and end of July 2024 (the latter would not have been available) but they are for the same amount £1,864 and so I am satisfied that the June 2024 payslip likely would have revealed the same. So, the income figure was less than Mr J declared and less than the figure Lending Stream used in its calculations.

I had concerns that Lending Stream's figures for Mr J's regular expenditure had dropped from the figures it had used at Loan 1. As Lending Stream had said it was using statistical data then there was no logical reason for such a change.

Asking Mr J for further information about his financial situation may have involved him supplying copies to Lending Stream of utility bills, rent and evidence of other expenditure and credit accounts for which he was liable. A convenient method, one of several available, was to have reviewed copies of Mr J's bank account statements which usually show a wider picture of a person's finances and how he was managing his money. It would give a more accurate picture of Mr J's living expenses which was the figure I had reservations about.

Mr J has sent copy statements covering periods 12 March 2024 to 11 April 2024 and of 11 June 2024 to 11 July 2024. These are not entirely the correct dates for a 3 July 2024 application but usually, when reviewing individuals' bank statements, I can gain an idea as to the regular payments a person makes on things such as rent, bills, insurances, mobiles, broadband, and other committed expenses.

But here I cannot get any sort of accurate picture as Mr J's statements are heavily redacted and show only the credit commitment costs he was paying money to. They do show me that his authorised overdraft limit was £1,750 and at the end of the months he was close to his overdraft maximum limit.

I looked at Mr J's other complaints we have for him at the Financial Ombudsman Service to see if there were any copies of relevant bank account statements to cover the period leading up to the end of June 2024, but all of these other complaints covered lending in 2021 or 2023.

However, the lower, verified income of £1,864 a month, plus the data Lending Stream used for his other expenditure (which was a lower figure than the one used at Loan 1) plus the sums it knew he spent on existing credit commitments do lead me to recognise that Mr J would have been left with even less each month. An income of £1,864 less the £862 statistical data for living expenses, and less the credit commitment costs of £868 means he would have been left with £34 a month. That really would be considered too low to be justifiable. Plus, the (now) 47% of his net income going on credit repayments was a high figure as I outlined in my first PD.

For these reasons and with some additional information to shed light on the reality of the situation, I consider that Lending Stream ought not to have approved Loan 2. I plan to uphold the complaint about Loan 2.

This the end of the duplicated PDs.

### **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.

Since the second PD dated 16 December 2025 both parties have emailed us to accept. Lending Stream said in its letter showing acceptance:

*“Considering the points that have been raised in your assessment letter dated December 16 2025, we would like to confirm that we agree to refund the interest and charges paid towards the loans 2 amounting to £336.26 (£310.41 for Interest paid,*

*£0.00 for Fees paid, £32.31 for 8% annual interest, minus £6.46 for 20% mandatory tax withholding in line with HMRC regulations). Furthermore, we will raise a request for amending the credit file for the aforementioned loans.*

*The offer value provided above is indicative. The final offer value will include additional 8% statutory interest computed up to the date of expected settlement, at the time of initiating settlement communication with the customer.”*

I can finalise my decision without needing to say more – I uphold the complaint about Loan 2. But the figures in the letter from Lending Stream will need to be recalculated to be up to date.

I've considered whether the relationship between Mr J and Lending Stream might have been unfair under section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Mr J results in fair compensation for him 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**

Loan 2 has been paid. Lending Stream needs to refund the interest and charges plus 8% additional simple interest\* on the amount of the refunded sums calculated from the date they were paid over to the date of the refund.

Mr J's credit file about Loan 2 ought to be amended if there was any adverse data recorded for Loan 2 which I doubt as Mr J repaid it early.

\*HMRC usually expects Lending Stream to deduct a sum for tax from the interest figure and if Mr J wants a certificate showing the deduction it must give him one.

### **My final decision**

My final decision is that I uphold the complaint in part and I direct that Gain Credit LLC trading as Lending Stream does as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 27 January 2026.

Rachael Williams  
**Ombudsman**