

The complaint

Mr B complains that Gain Credit LLC trading as Lending Stream lent to him when he could not afford it. He says that he had gambling issues and lived in his overdraft for years. Better checks by Lending Stream would have shown this and it would not have lent to him.

What happened

The loan table summarises the lending approved for Mr B.

Loan	Approved	Amount (Requested)	Terms (rounded)	Repaid
1	17 October 2023	£120 (£750)	£36 a month x 6	28 March 2024
2	24 December 2023	£100 (£1,290)	£35 a month x 6	28 June 2024
3	24 April 2024	£100 (£500)	£35 a month x 6	31 August 2024 Repaid early
4	24 August 2024	£150 (£1,000)	£53 a month x 6	payment of £29 made March 2025
5	2 September 2024	£100 (£100)	£33 a month x 6	24 February 2025 repaid 'on time'

Loans 1 & 2 were paid on time and as set out in the agreement schedule.

Loan 3 was repaid early with an additional payment of £25 on 31 August 2024 – and as I outline later in this decision, Mr B likely used funds from Loan 4 to help with that.

After Mr B had complained, Lending Stream responded with its final response letter (FRL) in February 2025. In that FRL it agreed that it ought not to have lent to Mr B for Loan 5. It said:

'...we have thought about the number of loans and the time between each loan being taken out. We can see that it might not have been a good idea for us to make this loan.'

Lending Stream also said it would remove any adverse data relating to Loan 5 from Mr B's credit file, but the loan itself would remain as part of his record. I touch on this point later in the decision.

After Lending Stream had calculated the redress for Loan 5 plus the interest (less tax) the amount was around £81. That was set off against the outstanding loan balance (I think that this was just Loan 5) leaving Mr B with around £56 still to repay. That figure reduced to £29. The Statement of Account (SOA) for Loan 5 shows that the interest has been removed from

the account and Mr B made the scheduled payment and an extra payment on 24 February 2025 leading to a zero balance.

Mr B referred his complaint to the Financial Ombudsman Service where one of our investigators considered that Lending Stream ought not to have approved Loans 1, 2 and 4.

The complaint remained unresolved and was 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 B 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 B'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 B. These factors include:

- Mr B 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 B having many 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 B 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 B. I don't consider that applies here. All of these were within a year. I differ in my opinion to the investigator on this point.

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

As Lending Stream has agreed to uphold Loan 5 and appears to have actioned that refund for Mr B, then the disputed loans appear to be Loans 1 to 4. Mr B appears to have accepted our investigator's outcome on Loan 3 (which was a non-uphold) but for completeness I have reviewed that lending decision as well.

I've seen from a recent credit file report dated April 2025 sent to us by Mr B that he does not owe Lending Stream any money now – he paid the last instalment off recently.

Lending Stream has sent to us excel spreadsheet information to show the amounts it used for the income and expenditure (I&E) for each of the loans. This tells me that:

- Mr B applied for larger loans than the ones approved for him, and the table above shows the amounts Mr B applied for in brackets.

- Lending Stream increased the amounts given to it by Mr B for his general expenditure and for his credit commitment costs.
- A different spreadsheet from Lending Stream shows me that Mr B had an outstanding total debt balance sitting at around £11,918 when he applied for Loan 1 which increased to around £13,671 when he applied for Loans 4 and 5.

Turning to specific loans, here I deal with Loans 1 and 2.

The excel spreadsheet from Lending Stream provides no details on the credit search it carried out. Mr B had just under £12,000 of debt when he applied for Loan 1 and Lending Stream had noted that Mr B's repayment figure for all his credit commitments (excluding any mortgage) was around £242 a month. This led to Lending Stream increasing the monthly credit cost commitment figure for Loan 1 to £339.

I've seen that Mr B has sent to us his personal credit file. I considered it fair and reasonable to use that personal credit file to gather more detail than that provided by Lending Stream. Having reviewed it, I can understand that Mr B did have a fairly large sum of overall debt across several credit cards and a mail order account, for which he was paying the minimum repayments. Plus, Mr B had a bank loan costing £167 a month, two high-cost loans and a credit union loan. So, the £339 a month for his credit commitment costs seemed fair.

Mr B's personal credit file also demonstrates to me that in relation to the bank loan, Mr B had already had trouble repaying it for about four months in late 2022. It's not clear whether Lending Stream knew of this but likely it did.

Lending Stream increased Mr B's general expenditure as well. I've no specific details but it's right that having checked Lending Stream then chose to increase the figure for Mr B's general living expenditure to just under £1,270 a month.

So, for Loan 1 that left Mr B with only £91 left over and only around £56 a month after he'd repaid the monthly loan instalment on a greatly reduced loan offer. The figures were much the same for Loan 2 save that the amount left over was about £68 a month. And I note that Loan 1 was still running when Mr B returned to Lending Stream to apply for Loan 2.

Lending Stream had reason to reduce Mr B's loan applications from £750 at Loan 1 and £1,290 at Loan 2 to £120 and £100 respectively. Having done that, on its own calculations after carrying out checks, the amounts left over for Mr B to repay those much smaller loans were too slim a margin to be considered fair and reasonable in my view. I've read the submissions Lending Stream has made surrounding its I&E approach and calculations but I am not persuaded.

I know that Lending Stream has received decisions from the Financial Ombudsman Service in the recent past to highlight this point about 'money left over'. There are no fixed figures as to what would or could be considered fair and reasonable to be the 'left over sum' each month. But within the circumstances surrounding Mr B for Loans 1 and 2, having already reduced his loan application amount drastically, I consider that leaving him with £56 and £68 after paying everything off each month for six months was too low to be reasonable. I uphold Mr B's complaint about Loans 1 and 2.

Loan 3

Mr B returned to ask Lending Stream for Loan 3 (£500) a month after repaying Loan 1 and while he was still paying off Loan 2. For Loan 3, Lending Stream's information about Mr B's credit situation showed a change. During the time he'd been repaying Loan 1 but before he'd applied for Loan 2 Mr B had a default on an account imposed. And it was for £344. Again, I used Mr B's personal credit file for more detail. It was a telecommunications account and he'd been in arrears on this for about a year. This showed poor financial management.

However, I also note that Mr B's affordability figures in the Lending Stream I&E table were a little better and I consider that despite Lending Stream knowing these details about the recent default, I think that it accounted for this by offering Mr B much less than he'd applied for. Lending Stream offered him £100 not £500. It is a finely balanced set of circumstances but overall, I have decided that I do not uphold the complaint about Loan 3.

Loan 4

Loan 3 was repaid early and from studying the SOAs to me it looks like Mr B used funds from Loan 4 to pay off Loan 3 in August 2024. For Loan 4, again, the credit information Lending Stream obtained showed that Mr B now had a further delinquent account for £1,272.

Having had overlapping loans, and now Mr B was applying to essentially refinance/pay off early Loan 3 using funds from Loan 4, plus the additional delinquency showing on his credit file results obtained by Lending Stream, then I think it ought to have checked further before lending to Mr B at Loan 4.

Mr B has sent to us some screenshots of his bank statement transactions for July 2024. I do not consider that screenshot versions are adequate usually, but in these circumstances, it gives me an idea of Mr B's financial situation in July 2024. And they are indicative of the information Lending Stream would have seen had it looked into Mr B's circumstances further.

I can see that Mr B earned more than the net salary figure of £1,890 Lending Stream had used in its calculations for Loan 4. And although I can see that Mr B did make some transactions to traditionally known betting and gambling businesses, these all added up to around £176 for that month. This was not a large proportion of his net salary. So, I'd not consider that spend figure enough to demonstrate to Lending Stream that he was a compulsive spender to the extent that the gambling was the source of the lack of funds. Mr B's account from what I can see from the screenshots was not going into his overdraft much and there were no other signs of financial difficulties such as returned Direct Debits or a failure to pay priority bills.

However, using the personal credit file I can see that Mr B had fallen into arrears on the bank loan which was meant to be costing him £167 a month. The payment marker was at 'stage 6' and he'd had trouble repaying that in late 2022 as well. His balance was around £998 in or around July and August 2024 and so I think that Mr B was applying for Loan 4 to repay Loan 3 and to help him pay for the bank loan. Applying for credit to pay off other debt can be a sign of financial concerns. And Mr B's circumstances indicate he was poor at managing his finances.

So, I think that Lending Stream ought not to have approved Loan 4 for him. I uphold the complaint about Loan 4.

My final decision is that I uphold Loans 1, 2 and 4.

Lending Stream has agreed to put things right for Loan 5 and so the redress paragraphs include loan 5. My review of Mr B's recent credit file is that all of the Lending Stream loans have been repaid. But I am aware that it has already made some refunds to Mr B which need to be accounted for.

The redress paragraph differs to that set out in the view by our investigator as I do not consider the reason for the uphold to be based on repeat lending principles. So, it would not

usually be the approach we'd expect for Lending Stream to remove these loans from Mr B's file. But I would expect it to amend the file by removal of any adverse data.

Putting things right

Lending Stream needs to add up the interest and charges paid by Mr B for Loans 1, 2, 4 and 5 (accounting for any refunds already given) and then it needs to add 8% interest (simple interest less tax*) per annum from the date each payment was made to the date of the settlement of this complaint.

As I do not consider that there are any outstanding sums then I do not make a direction for there to be any set-off, other than the set-off already carried out by Lending Stream for Loan 5.

Lending Stream needs to amend the credit file for Loans 1, 2, 4 and 5 by removal of any adverse data for those four loans.

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

I've considered whether the relationship between Mr B 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 B 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.

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 in the 'putting things right' section of the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 November 2025.

Rachael Williams
Ombudsman