

The complaint

Miss W complains that Gain Credit LLC, trading as “Lending Stream” irresponsibly provided her with a loan.

What happened

Lending Stream provided Miss W with an instalment loan in July 2024 for £550, with a total amount payable of £1,055.87 over six payments. The monthly payment was around £176.

Miss W complained to Lending Stream. In summary, she says Lending Stream irresponsibly lent to her because:

- She lives month-to-month and took out this loan to cover other lending.
- Her credit report shows she had multiple payday loans and many applications for credit showing which should have raised the alarm.
- She had late payment markers and an arrangement to pay.
- She was, and is, above 100% credit utilisation.

In its final response, Lending Stream didn't uphold Miss W's complaint. In summary, it said it didn't think it had done anything wrong as its checks suggested the loan was affordable. Unhappy with its response, Miss W referred her complaint to our service.

Our Investigator didn't uphold this complaint. In summary, they said that based on Lending Stream's checks, it wasn't wrong for it to have agreed this loan.

Miss W didn't agree. In summary, she said a lender's credit check should show negative credit factors and she shared her credit report that she'd obtained. Miss W said her report showed the missed payment markers, arrangement to pay and maxed out credit cards.

The Investigator responded to Miss W to reiterate some of the points she made in her view, including the reasons why what Miss W can see on her credit report may be different to what Lending Stream's checks showed. She also pointed out that the late markers showing on the credit report Miss W provided, happened after this lending. And although Miss W was utilising a large amount of her credit card limits, her credit check suggested she was managing her existing credit reasonably well.

Because the parties couldn't agree, the complaint has been passed to me to decide on the matter.

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 carefully considered everything provided, I'm not upholding Miss W's complaint. I appreciate this will come as a disappointment to her.

We explain how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss W's complaint.

Miss W was provided with a high-interest loan, intended for short-term use. Lending Stream needed to make sure it didn't lend irresponsibly. This means it needed to carry out proportionate checks to understand whether Miss W could afford to sustainably repay before providing the loan.

Generally, it might be reasonable and proportionate for a lender's checks to be less thorough (in terms of how much information it gathers and what it does to verify it) in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a lender to be able to show it didn't continue to lend to its customer irresponsibly.

Before lending, Lending Stream obtained information about Miss W's income and expenditure and carried out a credit check.

Miss W declared she was employed full-time earning £2,000 per month, and Lending Stream relied on this figure when carrying out its affordability calculations. Miss W also said her expenses totalled £325 per month. But Lending Stream increased the figure it relied on to £657.50 for committed living expenses. Lending Stream used a figure of £159.70 for Miss W's monthly credit commitments. It therefore determined Miss W had £1,182.80 each month to make the monthly repayment of around £175 towards this new lending and for any other expenses. It therefore found the lending was affordable.

Lending Stream's credit check showed Miss W had five active accounts with a total debt of £8,535. One account had a zero balance; one was a mail order account with a balance of £550, and the other three were credit cards with total balances of £7,985. Miss W didn't have any recorded defaults or delinquencies. As Miss W has pointed out, she was utilising much of her credit card limits and I can see on one of her credit cards, she was exceeding the limit at the time of this lending.

Whilst Miss W has provided a copy of her own credit report, I don't think that reveals anything different about how she was managing these accounts, at the time of this lending, compared to what Lending Stream's checks revealed. All the accounts mentioned above were up to date on payments. And there isn't any evidence of her taking out multiple payday loans, as she's suggested. In any event, I don't think there was any reason to say that Lending Stream weren't entitled to rely on the credit check it carried out.

Also, I believe the arrangement to pay which Miss W refers to was later set up for this loan, provided by Lending Stream. So, of course, that isn't relevant here. And there isn't an arrangement to pay showing on any of her existing credit commitments at the time of this lending. Miss W may have made other applications for credit – that isn't clear from Lending Stream's checks. And, I appreciate she did have high credit card balances compared to the limits and was exceeding one of the limits. But in light of what Lending Stream's checks showed overall, I don't think this suggested Miss W was in any serious financial difficulty. On the contrary, the credit check Lending Stream carried out suggested she was generally managing her existing credit well.

Lending Stream also asked Miss W about her income and outgoings and exercised caution by increasing those figures. However, I do think Lending Stream overestimated Miss W's disposable income, as the figure it relied on to calculate her monthly credit commitments

appears too low. But even if I factor in a more realistic figure for this, I still think Lending Stream's affordability calculations would have suggested Miss W likely had a sizeable amount of disposable income left to pay this new lending, as well as any unforeseen circumstances.

In light of all of this, and when also taking into account the amount being lent and the monthly payment required, I think the checks carried out were proportionate and the overall lending fair.

I've considered other complaints for Miss W about irresponsible lending, and I've recognised before that the reality of Miss W's situation may have been different compared to what Lending Stream's checks showed. Miss W has gone on to have difficulties meeting the repayments on some of her credit. And again, I'm sorry to hear that she's having difficulties. But considering what Lending Stream's checks showed before agreeing this lending, I don't think this would have been foreseeable and therefore I don't think it did anything wrong.

Overall, I don't think therefore that Lending Stream lent irresponsibly to Miss W and I'm not upholding her complaint.

Finally, 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 W 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.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 14 January 2026.

Sophie Kyprianou
Ombudsman