

The complaint

Mr B complains that Gain Credit LLC trading as Lending Stream lent to him irresponsibly by approving loans without doing the right checks. Mr B says that if it had done the right checks it would not have lent to him.

Mr B wants full repayment of all the interest paid on the loans, plus 8%, all negative information removed from his credit file and £400 compensation due to the acute stress this has caused him.

What happened

Mr B took two loans which I have summarised in a brief table below. I've rounded the figures to dispense with the need for using pence which makes the decision easier to read.

Loan	Approved	Amount	Six month instalment terms	Status
1	16 January 2025	£700	£253 for 5 months and £134 for last instalment due 31 July 2025	Closed 19 April 2025
2	16 March 2025	£560	£204 for 5 months and £98 for the last instalment due 30 September 2025	Closed 30 April 2025

For Loan 1, Mr B made additional payments on 31 March 2025 and again on 19 April 2025.

For Loan 2, Mr B made additional payments on 19 April and 30 April 2025.

After Mr B had complained, Lending Stream replied in July 2025 giving reasons why it did not consider it had lent irresponsibly. Mr B referred his complaint to the Financial Ombudsman Service where one of our investigators considered that Lending Stream did not need to do anything to put things right. The unresolved complaint 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 a pattern evolved here as Mr B only took two loans.

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.

Mr B applied for the loans and said that he was employed full time, he gave some details of his employer and that he'd been employed there for several years. He said his income each month was £3,800 when he applied for Loan 1 and £3,900 when he applied for Loan 2. Mr B declared his expenditure was £2,340 and £2,550 respectively.

Lending Stream has confirmed that it would have checked this income. And to satisfy myself further, and using information Mr B has sent to me relating to his bank transactions, then I have seen that Mr B's income on 31 December 2024 was £3,845 after tax and it was the same on 31 January 2025. On 28 February it was £4,136.

So even if Lending Stream needed to do more to ensure Mr B was earning what he said he was, then a payslip or copies of the statement pre-dating the loan applications would have identified that Mr B did declare broadly the right amounts. So I do not consider that there's an issue in relation to the income – Mr B declared figures that were broadly correct and these were the income figures Lending Stream used in its assessment.

Lending Stream carried out a credit search. It's not a requirement that a lender does this but having done it then I consider that it needed to take account of the information with which it had been presented by the credit reference agency. I don't have the original search information, but Lending Stream has provided its record of the main points. This showed that for Loan 1 Mr B had around 8 accounts, no delinquencies, no insolvencies, no defaulted accounts and no other adverse credit data. Mr B had declared he spent around £300 a month on credit commitment costs and Lending Stream had no reason to consider that incorrect having done its own search.

In relation to other expenditure which is termed 'non-discretionary' then these are costs which Mr B would have had to pay and usually include rent, council tax, utilities, travel, the usual insurances and TV licence/streaming costs and the usual communications costs to cover such things as broadband and mobiles. Mr B had declared £2,340. Lending Stream has said that it used statistical data based on things like Mr B's address to discover most of

these costs and usually they are fairly accurate. Lending Stream did adjust that figure up a little and came to a total non-discretionary expenditure figure of around £2,331 a month.

Therefore, with the information it had in relation to Mr B's income, credit commitments and expenditure, when he approached it for the £700 loan in January 2025 it would have considered the loan affordable.

Lending Stream loans are expensive and that was clear on the documentation presented to Mr B and which I have seen. They are subject to a cost cap imposed by the Financial Conduct Authority (FCA) and I can see that it complied with that.

For Loan 1 I consider that Lending Stream carried out proportionate checks and it did not lend irresponsibly to Mr B. I do not uphold the complaint about Loan 1.

Loan 2

I take Mr B's point that he'd not yet paid off Loan 1 when he approached Lending Stream for a further, smaller loan in March 2025. And reviewing the Statement of Account and the repayment schedule together for Loan 1, I can see that when Mr B applied for Loan 2 he'd only been required to repay one instalment on Loan 1 in February 2025. He had paid it. But there would have been little for Lending Stream to have gone on to determine that Mr B was a 'good payer' with so short a repayment history.

And although Loan 2 was smaller - £560 as opposed to £700 – the combined repayments going forward for the two loans would have been substantial at around £450 a month.

I have demonstrated earlier in the decision that Mr B's income was at the levels he had said it was. And so, I say no more about Mr B's income. I do think that Lending Stream needed to check as to why Mr B was coming back for a further £560 so soon after having only just started repaying Loan 1.

Asking Mr B for further information about his financial situation may have involved him supplying copies of utility bills, 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 B's bank account statements which usually show a wider picture of his finances and how he was managing his money. And having reviewed the bank account statements my view is that even if it had done further checks the outcome likely would have been the same.

Mr B has sent to us two sets of bank statements. One was with a high street bank (into which his salary was paid) and the other was an on-line bank. I have seen that Mr B transferred money across between the accounts a lot. I think to get a full picture Lending Stream would have needed to have seen both. From that it would have been satisfied that it was the same money being moved around.

Mr B had overdrafts on both accounts. When he was paid at the end of the month Mr B transferred – usually a £1,000 – from the high street bank to the on-line bank to clear its overdraft. The February 2025 overdraft fee for the on-line bank was low at just over £3. And on the high street bank it seems he received a refund of overdraft interest (£108 on 25 January 2025) and looking at the small print at the bottom of the statement it seems that Mr B's authorised overdraft interest was 0%.

I have seen regular payments (reviewing both sets of statements) to an estate agent for rent of £1,650, council tax which ranged from £76 to £91 each month, mobile phone of around £80, water of £27 a month, an energy company which offers gas and electricity of £100 a month and two music or TV streaming services. All these added up to around £2,000 a month excluding travel costs. Mr B, when he applied for Loan 2, had said his expenditure

was around £2,550. And Lending Stream had used £2,299. And so I consider that both parties broadly were accurate in the non-discretionary costs figures – both what Mr B had declared to Lending Stream and what it had used in its assessment.

Bank transactions can give an insight into other expenditure which the credit search may not have revealed. Some credit searches do not show some kinds of loans and their repayments. But that's not the case here. Mr B spent relatively modest sums making payments towards two credit cards. There are no other loan payments. And he has made reference to his £13,000 of debt – which, as I can see no loan payments being made (other than to Lending Stream), then they likely are credit card or store card debts. Usually, the minimum repayment for a debt on a card of around that figure would have been around £390 a month (3%) and that is around the sort of figures I can see Mr B paid to his cards each month. Use of the minimum repayments on debt such as that is what I would have expected a lender to use when assessing affordability.

Mr B has said that looking at his bank statements would have revealed his spending habits and that he was in financial difficulties. I can see that his overdraft balance was often within or just under the maximum of £4,000 limit on the high street bank account. The other account overdraft he cleared every month. But apart from one or two returned Direct Debits, which on their own would not indicate financial hardship, then I see no evidence of Mr B being in serious financial difficulties such that Lending Stream would have considered that it ought to have refused Loan 2. And there are no multiple large cash withdrawals such that Lending Stream – had it seen them – would have been alerted to some compulsive spending or other reason to be withdrawing it. The cash withdrawals seem relatively modest.

Mr B has said that his credit record took a turn for the worse by the time he was applying for Loan 2 but I've seen no evidence of that – Mr B has sent nothing to substantiate that point. And Lending Stream's credit search before Loan 2 does not indicate a particular downturn.

I consider that even if Lending Stream had reviewed Mr B's bank statements for January and February and the first part of March 2025 before approving Loan 2, I do not think it would have made a difference to the decision. I do not uphold the complaint about Loan 2.

Looking forward to later in 2025 in Mr B's bank statements and having spotted that Mr B's address has changed from when he applied for the two loans to when he brought his complaint to us, then I can see that his new payments to the new estate agent for his rent is about £350 a month more expensive. So it may be that Mr B's living costs increased after he'd taken the loans but that would not have been information about which Lending Stream would have known or would have been expected to have known.

Other decision from 2022 and FRL errors

Mr B has sent to us a copy of a final decision issued by an ombudsman here in 2022 about a previous complaint he had referred to us. Mr B says that it illustrates precedent. But there is no precedent at the Financial Ombudsman Service – each complaint is reviewed on its own facts. There are differences between the complaints in any event. That other respondent business was a similar type of lender but it was an 18 month loan. And in any event I have reviewed Mr B's current complaint on its own circumstances.

Mr B has raised an issue surrounding some mathematical errors in Lending Stream's final response letter (FRL). As I have reviewed the complaint completely then any errors that may or may not appear in the FRL are not likely to alter the outcome of the complaint.

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 B 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.

My final decision

I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 September 2025.

Rachael Williams
Ombudsman