

## The complaint

Mr B complains that Gain Credit LLC trading as Lending Stream lent to him once in January 2025 but he's not been able to afford the repayments and better checks would have shown Lending Stream this.

## What happened

On 30 January 2025, Mr B took one loan for £240 repayable over six months at just over £77 each month except for the last payment which was just over £76. Lending Stream's records indicate Mr B asked for £300. Mr B got into arrears. Mr B took advice and made a debt plan arrangement for multiple debts including this one in April 2025. This Lending Stream debt was sold to a third party in June 2025. At that time there was just over £409 outstanding.

Mr B complained to Lending Stream in April 2025 and its final response letter (FRL) gave reasons why it did not uphold his complaint. Once Mr B had referred it to the Financial Ombudsman Service, one of our investigators thought that Lending Stream had carried out proportionate checks but the disposable income left for Mr B on its own calculations was too low to be considered reasonable or for the loan to be considered affordable. The amount left over to Mr B was just under £53 a month.

Mr B accepted that outcome. Lending Stream disagreed. The unresolved complaint was passed to me to decide.

After I'd reviewed the complaint I asked Lending Stream to send me more information about the credit searches it carried out and the figures it had used - which it did. Lending Stream explained: '*...based on the CRA data, we have made changes to the credit expenses.*'

'CRA data' refers to Credit Reference Agency information.

I decided to uphold Mr B's complaint but for different reasons to that outlined by our investigator. On 27 January 2026 I issued a provisional decision giving my reasons. That is duplicated here together with the proposed redress paragraph. That may have to be altered considering information received from Lending Stream recently.

## What I provisionally decided on 27 January 2026 – 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 amount 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 considered 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 – he took one loan. These factors include:

- 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 to Lending Stream being especially high (reflecting that it could be more difficult to meet a higher repayment from a particular level of income).

Mr B applied to Lending Stream and said that he was earning £1,899 a month after tax and his monthly expenditure was £1,346. I don't consider that there's any issue between the parties with Mr B's income figure. And Lending Stream has explained why it slightly increased his general expenditure figure in its FRL.

I asked Lending Stream to send me further details about the information it had about Mr B's credit commitments following its research – which it did. I have reviewed all the open accounts and these are listed here:

- Mortgage costs of £345 a month.
- Three current accounts of which one had an overdraft facility of £3,000 and he was up to £2,922.
- Seven credit cards in total – the combined credit limit of which was £21,750 and his total outstanding balance was £21,123. This usually would be calculated as monthly minimum repayments at 3% being £634.
- A loan of £4,300 at £153 a month for 36 months - started September 2024 and the outstanding balance was £4,194
- A loan repayable over 18 months at £96 a month – opened November 2024 and the outstanding balance was £1,729
- Two other accounts which appear not to have a balance and so I discount them.

These all likely were costing Mr B £883 a month plus an overdraft cost of around £40 a month which add up to £923, plus the mortgage of £345 which would all come to £1,268. I do accept that Lending Stream may have included the mortgage cost in its 'general expenses' criterion. So, I do not plan to 'double count' here.

Reviewing the information Lending Stream has sent to us to demonstrate how it has calculated that Mr B could afford the loan, even with its own uplift on Mr B's declared figure for credit commitment costs, then I think it had applied too low a figure.

And I say this because the monthly figure it used was just over £671. Whereas the information it had from its own CRA search would have led it to calculate that it was more like £883 (excluding mortgage and overdraft charges). And even if I were to use a 2.5% minimum repayment percentage for the total revolving credit figure, that comes to £544 a month. So, the monthly credit commitment costs would still have added up to £793 (excluding mortgage and overdraft).

Having clarified these credit commitment costs (whether I use £793 or £883), if I add in Lending Stream's figure of £1,098 for Mr B's general expenses and then the £77 a month for this loan repayment, the outcome is that Mr B did not have enough to pay for it. I plan to uphold the complaint.

Mr B has asked that the capital sum of £240 be written off. But I do not make a direction for that. Mr B applied for the loan, took the loan and used the £240. It's right that he repays it.

### **Putting things right**

Lending Stream has sold the debt to a third party. It should arrange to either buy back the debt from the third party or liaise with it to ensure the redress set out below is carried out promptly. Lending Stream needs to add up the total repayments Mr B has made to the loan account so far (including any payments to that third party) and deduct these from the total amount of money Mr B received - £240.

If this results in Mr B having paid more than he received, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until the date of settlement). †

Lending Stream should also remove all adverse information regarding this account from Mr B's credit file.

If any capital balance remains outstanding, then Lending Stream should arrange an affordable and suitable payment plan with Mr B. But as a debt plan is already in place I insert this paragraph for completeness. It may not be needed. Once Mr B has cleared the balance, any adverse information in relation to the account should be removed from his credit file.

† HM Revenue & Customs usually requires Lending Stream to take off tax from this interest. It must give Mr B a certificate showing how much tax it's taken off if he asks for one.

This is the end of the duplicated provisional 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.

Mr B accepted the provisional decision. He requested that he receive a final determination.

Lending Stream has accepted the outcome but has explained that Mr B has not paid anything towards the interest or charges and so there's nothing to refund.

As both parties have agreed to the outcome then there's no need to alter my reasoning or findings and I uphold the complaint. I do not make any direction for the £240 principal sum to be written off. Mr B needs to repay it.

Lending Stream has told us that this debt was sold to a third party and it has said that Mr B has paid no interest or charges towards the loan. It told us recently:

*We can also see that there is an outstanding balance of £240.00, which will need to be paid to us. This doesn't include any balances that are currently being held by debt collection agencies.*

Lending Stream has confirmed it will raise a request to amend the entry of this loan with the credit reference agencies.

Mr B has told us that this outstanding balance had a debt plan on it. So, some payments may have been made towards it. If that's the case then those payments will be counted as payments towards the principal loan sum of £240.

The arrangements in relation to repayment plan and paying down the sums owed to Lending Stream are for the parties to arrange themselves. The Financial Ombudsman Service does not get involved in arrangements to pay.

### **Putting things right**

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Lending Stream needs to add up the total repayments Mr B has made to the loan account so far (including any payments to that third party) and deduct these from the total amount of money Mr B received - £240.

If these results in Mr B having paid more than £240, any overpayments should be refunded along with 8% simple interest (calculated from the date the overpayments were made until

the date of settlement). † This paragraph seems unlikely to be relevant in Mr B's circumstances but I have retained it for completeness.

If any capital balance remains outstanding, then Lending Stream and Mr B should work together and arrange an affordable and suitable payment plan. As a debt plan is already in place – according to Mr B - I insert this paragraph for completeness. It may not be needed. Once Mr B has cleared the balance, any adverse information in relation to this loan account should be removed from his credit file.

† HM Revenue & Customs usually requires Lending Stream to take off tax from this interest. It must give Mr B a certificate showing how much tax it's taken off 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 and I direct that Gain Credit LLC, trading as Lending Stream, carries out what I have outlined in the 'putting things right' part 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 10 March 2026.

Rachael Williams  
**Ombudsman**