

Complaint

Mr K has complained about high-cost short-term credit instalment loans he took out with Gain Credit LLC (trading as “Lending Stream”). He says that these loans were unaffordable and so shouldn’t have been provided to him.

Background

This complaint centres on the provision of four high-cost short-term credit instalment loans that Lending Stream provided to Mr K. Mr K’s lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term*	Payment	Combined payment to Lending Stream
1	November 2022		April 2023	£410	6	£133	
2	April 2023	Loan 1	August 2023	£100	6	£25	£158.06 ¹
3	March 2024		June 2024	£300	6	£97	
4	April 2024	Loan 3	June 2024	£490	6	£150	£247.52

* months

One of our investigators reviewed what Mr K and Lending Stream had told us. And he thought that Lending Stream ought to have realised that it shouldn’t have provided loan 2 to Mr K. He also thought that loans 1, 3 and 4 hadn’t been provided unfairly. So the investigator recommended that Mr K’s complaint be partially upheld.

Lending Stream disagreed and asked for an ombudsman to look at the complaint.

My provisional decision of 8 August 2025

I issued a provisional decision – on 8 August 2025 - setting out why I wasn’t intending to uphold Mr K’s complaint.

In summary, I was satisfied that that Lending Stream carried out proportionate checks which showed that these loans were affordable for Mr K. Furthermore, I wasn’t persuaded that Lending Stream provided these loans to Mr K in circumstances where it ought to have realised that it was increasing Mr K’s indebtedness in a way that way unsustainable or otherwise harmful for him either.

In these circumstances, I was of the view that it wasn’t unfair for Lending Stream to have lent to Mr K on the occasions that it did.

The parties’ responses to my provisional decision

Neither Mr K nor Lending Stream responded to my provisional decision or asked for any additional time in order to do so.

¹ Mr K had to make on monthly payment of this amount before loan 1 was settled

My findings

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

We've explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr K's complaint.

Having carefully thought about everything, including events since my provisional decision, I've not been persuaded to uphold Mr K's complaint. I'd like to explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Mr K was provided with high-interest loans, intended for short-term use. So Lending Stream needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Lending Stream needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr K before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – 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 that it didn't continue to lend to a customer irresponsibly.

Lending Stream's checks before agreeing to lend to Mr K

Lending Stream says it agreed to Mr K's applications after he'd provided details of his monthly income and expenditure. It says the information Mr K provided on his income and expenditure showed that he'd be able to make the repayments he was committing to. And in these circumstances it was reasonable to lend. On the other hand, Mr K says that the loans were unaffordable and shouldn't have been provided to him.

I've carefully considered what the parties have said.

Did Lending Stream act fairly and reasonably when providing loans 1 and 2 to Mr K?

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information Lending Stream has provided suggests that Mr K was asked to provide details of his income, was asked questions about his expenditure and that credit checks were carried out before all of these loans were provided.

Furthermore, the investigator's assessment failed to take into account that the repayments for loan 2 were only £25.15. In circumstances where the repayments were so low, I don't think the disposable income Mr K was deemed to have means that he shouldn't have been provided with this loan. For the sake of completeness, while I accept that this isn't in itself determinative, I'd also add that Mr K not only made all of his repayments to loan 2 he also settled it earlier. Therefore, Mr K's repayment history and actions do point to the fact that loan 2 was affordable for him.

Bearing in mind the amount of the repayments for these loans, the questions Mr K was asked and this was at the beginning of Mr K's lending relationship with Lending Stream, I don't think it was unreasonable for Lending Stream to rely on the information Mr K had provided in deciding whether to advance the first two loans. And as the information gathered suggests that these loans were affordable for Mr K, I'm satisfied that it was fair and reasonable for Lending Stream to provide these loans to Mr K.

Did Lending Stream act fairly and reasonably when providing loans 3 and 4 to Mr K?

I'm also mindful that there was a break of around seven months between loan 2 being repaid and Mr K's successful application for loan 3. This is important because I'm satisfied that the gap between loan 2 being repaid and loan 3 being taken meant that Lending Stream was entitled to treat this application afresh, rather than as a continuation of any previous cycle of lending.

It's also fair to say that by the time of loan 4 the information in Lending Stream's credit searches also suggested that Mr K's circumstances were relatively stable. Mr K didn't have any defaulted accounts and the amount he owed elsewhere wasn't excessive in comparison to his income either. In these circumstances, I don't think that there was any obvious reason for Lending Stream to have doubted the accuracy of the information that Mr K provided for loans 3 and 4.

I accept that Mr K's actual circumstances may not have been reflected either in the information he provided, or the other information Lending Stream obtained. And I'm sorry to hear that Mr K was struggling financially and that he found it difficult to repay his loans even though the vast majority of them were repaid early.

But Lending Stream could only make its decisions based on the information it had available at the time. And, given the break between loan 2 being repaid and loan 3 being taken, I don't think proportionate checks would have extended into Lending Stream asking Mr K to evidence what he was declaring at the time of his applications.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And, in this case, I don't think that Lending Stream did anything wrong in deciding to lend to Mr K - it carried out reasonable checks even though Mr K now says that the information it had was inaccurate.

Lending Stream reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Mr K's loan history, I don't think it was unreasonable for Lending Stream to lend – especially as there wasn't anything obvious, in the information it had, to suggest Mr K wouldn't be able to sustainably repay these loans.

Did Lending Stream lend to Mr K in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for him?

In reaching my conclusions, I've also kept in mind that Lending Stream provided a total of four loans to Mr K and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I think that there are a number of reasons why Mr K's pattern of borrowing doesn't in itself appear problematic here.

Firstly, as I've already explained there was a significant break of around seven months between loan 2 being repaid and loan 3 being provided. Mr K also settled a number of these loans well ahead of scheduled end of the term. I also think that it's also noting that Mr K was

only ever indebted to Lending Stream for a total period of 12 months (nine months for loans 1 and 2 and three months for loans 3 to 4).

Bearing in mind it's not uncommon for individual high-cost short-term credit loans to be provided over terms equivalent to the entire period Mr K was indebted to Lending Stream for, I don't think that Lending Stream ought to have realised that Mr K was using these loans in a way that was unsustainable.

So while Mr K being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Lending Stream to have provided these loans to Mr K on the basis that it ought to have realised that it was increasing Mr K's indebtedness in a way that was unsustainable or otherwise harmful for him.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between Lending Stream and Mr K might have been unfair to Mr K under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Lending Stream irresponsibly lent or treated Mr K unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that Lending Stream acted unfairly when providing Mr K with these loans. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr K – particularly as our investigator, albeit erroneously, suggested that the complaint should be upheld. But I hope he'll understand the reasons for my decision and that he'll at least feel that his concerns have been listened to.

My final decision

For the reasons I've explained above and in my provisional decision of 8 August 2025, I'm not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 September 2025.

Jeshen Narayanan
Ombudsman