

The complaint

Miss L complains that Gain Credit LLC trading as Lending Stream irresponsibly lent to her. Miss L says the lending got her stuck in a cycle of debt.

What happened

From the information provided, Lending Stream lent Miss L five loans, the details are below.

Loan number	Start date	Loan amount	Term	Highest repayment	End date
1	04/09/2023	£540	6 months	£169.57	14/09/2023
2	11/12/2024	£200	6 months	£69.41	22/04/2025
3	13/12/2025	£100	6 months	£34.28	18/01/2025
4	25/01/2025	£350	6 months	£145.67*	22/04/2025
5	07/02/2025	£100	6 months	£145.67*	-

*As these loans ran concurrently, this is the combined highest amount Miss L would have paid.

At the time the complaint came to the Financial Ombudsman Service, loan 5 was still active, I'm however mindful that if it followed the contractual repayment schedule, it would have been fully repaid by the time of this decision.

When Miss L complained to Lending Stream, it didn't uphold her complaint but said it carried out sufficient checks and those checks showed Miss L could afford the loans. Lending Stream didn't uphold any part of Miss L's complaint.

Unhappy with its response, Miss L referred her complaint to the Financial Ombudsman Service where it was looked at by one of our investigators. Our investigator thought Lending Stream's check went far enough but those checks showed it shouldn't have lent loan 1. Our investigator thought Lending Stream also carried out sufficient checks for loans 2 – 5 but didn't think it was wrong to lend Miss L any of those loans. Our investigator partially upheld Miss L's complaint.

Miss L didn't dispute the investigator's findings, but Lending Stream did. It said it took a cautious view of Miss L's monthly expenses and so it added a buffer to her expenses and just because its adjustment meant she had a small amount of disposable income left doesn't mean it did anything wrong.

Lending Stream asked for an ombudsman to decide the case.

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 unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

Lending Stream is aware of its obligations as a lender as explained in the regulator's handbook, so I don't intend to go into all the details about its duty. In summary, Lending Stream is required to take reasonable steps to ensure that it didn't lend irresponsibly. There isn't a prescriptive level of checks to ensure responsible lending and in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Lending Stream should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer's 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 *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

As stated above, the investigator didn't recommend that Miss L's complaint about loans 2 – 5 should be upheld. Miss L hasn't disputed this, so there isn't a continuing dispute about these loans. However, I've reviewed the lending decisions and I think Lending Stream did enough before agreeing these loans, it reacted to the information its checks found and having done that, Miss L was left with sufficient disposable income to repay the loans. I appreciate Miss L has said she was struggling financially, however this wasn't something that was apparent to Lending Stream from its reasonable checks. So, I don't think it was wrong to lend loans 2 – 5.

Turning to loan 1, Lending Stream searched Miss L's credit file and from what I can see there were no adverse markings like defaults found in its search. It asked Miss L about her monthly income and living costs including credit commitments. Miss L declared her income as £3,000 but Lending Stream says its checks showed her income was around £1,988. Miss L declared no payments for credit commitments, but Lending Stream's checks showed she was repaying around £775. Miss L declared her living costs as £555 and Lending Stream lent based on Miss L's living costs of £984 – increasing Miss L's declared costs by around £294.

Based on the above figures, Miss L was left with £69.15 after making her monthly payments, this was insufficient to cover any emergencies she may have had over the six-month term of the loan.

Lending Stream has argued that it added a buffer to its calculation, but Lending Stream hasn't set out clearly what the buffer was. The information I've seen shows that it lent to Miss L based on her being left with around £69 of disposable income. This didn't leave Miss L in a sustainable position over the term of the loan to repay without borrowing.

Lending Stream ought to have seen this and not lent to her in those circumstances. So, it needs to put things right for lending Miss L loan 1 under circumstances it shouldn't have done.

Putting things right

To put things right, Lending Stream should take the following steps.

- Refund all interest, fees and charges Miss L paid towards loan 1.
- Add 8% simple interest† on these payments calculated from the date the payments were made, to the date of settlement.
- Remove any adverse information about loan 1 from Miss L's credit file.

†HM Revenue & Customs requires Lending Stream to take off tax from this interest. Lending Stream must give Miss L a certificate showing how much tax it's taken off if she asks for one.

Did Lending Stream act unfairly/unreasonably in some other way?

I've also considered whether Lending Stream acted unfairly or unreasonably in some other way, including whether its relationship with Miss L might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974.

However, I'm satisfied the redress I have directed above results in fair compensation for Miss L in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

For the reasons given above, I uphold Miss L's complaint in part and direct Gain Credit LLC trading as Lending Stream to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 12 January 2026.

Oyetola Oduola
Ombudsman