

The complaint

Miss T complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave her a loan without carrying out sufficient affordability checks.

What happened

In December 2023, Miss T was granted one instalment loan of £600. She was due to make five monthly payments of £199.48 followed by a final payment of £197.52. Miss T had difficulties repaying the loan and an outstanding balance remains due.

Following Miss T’s complaint, Lending Stream explained why its checks were proportionate. Miss T then referred the complaint to the Financial Ombudsman where it was considered by an Investigator, who didn’t uphold the complaint. Miss T didn’t agree and I’ve summarised her points below.

- Miss T’s financial pressure came from using buy-now-pay later loans, her overdraft usage, and having to borrow from friends and family to make ends meet.
- Too much weight has been placed on Miss T’s declared income this should’ve been checked as its not reasonable to solely rely on the income declared.
- A more through check needed to be carried out including reviewing her bank statements considering there was a delinquent account one month before the loan.

These comments didn’t change the Investigator’s mind and so the case has been 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 Miss T could afford to pay back the amount she’d borrowed without undue difficulty. It needed to do this in a way which was proportionate to the circumstances of the application. 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 Miss T’s income and expenditure.

With this in mind, 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 Miss T. These factors include:

- Miss T 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);
- Miss T having a large number of 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);
- Miss T 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 Miss T. The Investigator didn't believe this applied to Miss T's complaint. I agree, because only one loan was approved.

Lending Stream was required to establish whether Miss T could *sustainably* repay the loan – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Miss T was able to repay her loan sustainably. But it doesn't automatically follow that this is the case.

Miss T declared to Lending Stream her income was £2,250 per month. She also declared her monthly outgoings were £1,300 per month – which included her existing credit commitments.

Lending Stream has suggested in the final response letter that if needed it would've used one of the industry available tools to cross check Miss T's income – but it's not clear from the evidence provided whether it did undertake such a check.

Had the check been undertaken, then I'd have considered that to be proportionate in the circumstances. And while Miss T says that Lending Stream shouldn't have relied on her declaration – the regulations are less clear as it says in CONC 5.2A.16(3) “...it is *not generally sufficient to rely solely on a statement of current income made by the customer...*”

However, the regulations don't say that income needs to be verified for each application. But even if I were to agree with Miss T that Lending Stream ought to have done more to check her income than this could've been done a number of ways. As I've said it may have used one of the tools developed by the credit reference agencies or it could've asked to see a copy of a recent payslip – it didn't and wasn't required to check her bank statements.

Had Lending Stream made further checks into Miss T's income – to be clear I don't think it needed to – then it would've discovered her income was around £2,150 per month which is broadly in line with what she had declared to Lending Stream.

Lending Stream then went about checking Miss T's outgoings by looking at other information such as available statistics that relate to the general population, and it considered how much people typically spend their income on. Having carried out this further check, it increased Miss T's monthly outgoings to £1,827. Even taking Miss T's actual income into account the loan would've just about looked affordable.

I've thought about whether it was fair for Lending Stream to have relied on statistical data, but this is allowed under the regulations and in these circumstances there wasn't anything in the information that was provided to have made it think the checks into Miss T's income or expenditure needed to go further.

Lending Stream also carried out a credit search, and it has provided the Financial Ombudsman with a summary spreadsheet of the results it received from the credit reference agency. I'd also add that there is no regulatory requirement for a credit search to be carried out, let alone one to a specific standard. Lending Stream was also entitled to rely on the information it was given by the credit reference agency.

Lending Stream was told about some adverse payment information. It knew that Miss T had defaulted on seven accounts and it knew the most recent default had been recorded 31 months before the loan was approved.

This would've told Lending Stream that nearly three years before there were some financial difficulties that led to at least one account defaulted. It's possible the other accounts defaulted at around the same sort of time – Lending Stream doesn't appear to know but it wouldn't make any difference to the outcome I've reached had it known. Lending Stream was entitled to place less weight on these defaults as it's reasonable for it to have considered them as historic.

It also knew that Miss T had around £26,000 worth of existing debt and she's explained about £16,000 of that was related to a car finance agreement with the remaining £10,000 on revolving credit. Lending Stream was told that these accounts were costing Miss T around £800 per month to service – and that doesn't seem to be an unreasonable figure to have used.

Lending Stream was aware that one account had entered delinquency the month before. And so, Miss T says that is a clear sign of financial difficulties. But the credit check summary shows there were seven defaulted accounts and the defaulted accounts and balances match the value and number of delinquent accounts.

What this means, on balance, is that the delinquent account had been corrected or brought up to date. The marketplace that Lending Stream operates in, usually means that there is some element of recent financial problems – and I don't think one missed payment is enough here to say that Lending Stream needed to have conducted further checks or that it was wrong to have lent to Miss T based solely on the credit search results.

Overall, there also weren't enough indicators in my view to have prompted Lending Stream to have carried out further checks. The checks it did do were proportionate which demonstrated the loan was likely to be affordable for Miss T. I do not uphold the complaint.

An outstanding balance remains due, and I would remind Lending Stream of its obligation to treat Miss T fairly and with forbearance while discussing a way forward.

Finally, I've also considered whether the relationship might have been unfair under s.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 T 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 given above, I am not upholding Miss T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 16 February 2026.

Robert Walker
Ombudsman