

The complaint

Mr L complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave him loans without carrying out sufficient affordability checks. Had better checks been made than it would’ve seen he couldn’t afford to take on further borrowing due to his existing debts.

What happened

A summary of Mr L’s borrowing can be found below.

| loan number | loan amount | agreement date | repayment date | number of monthly instalments | largest repayment per loan |
|-------------|-------------|----------------|----------------|-------------------------------|----------------------------|
| 1 | £650 | 15/04/2025 | outstanding | 6 | £238.15 |
| 2 | £750 | 15/06/2025 | outstanding | 6 | £274.80 |

The ‘*largest payment per loan*’ column is the cost per loan, where loans overlapped the cost would be greater. For example, when loans 1 and 2 were running concurrently Mr L was due to pay Lending Stream £512.95.

Following Mr L’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr L referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who also didn’t uphold it. Mr L disagreed saying by June 2025 he had borrowed £1,400 from Lending Stream which was too much considering the amount of outstanding debt he already had.

These comments didn’t change the Investigator’s mind and as no agreement could be reached 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 Mr L 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 of the applications. 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 L’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 Mr L. These factors include:

- Mr L 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 L 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);
- Mr L 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 L. The Investigator didn't believe this applied to Mr L's complaint and I agree given only two loans were granted.

Lending Stream was required to establish whether Mr L 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 L was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

Firstly, Mr L has raised a previous complaint in 2019 about loans Lending Stream provided to him between 2010 and 2012. But given the amount of time that had passed since those loans were granted and from when the complaint was made – then I don't think Lending Stream needed to place any weight on Mr L's previous lending.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr L's complaint. For these loans Lending Stream carried out the same sort of checks, which having carefully thought about everything I've decided they were proportionate and demonstrated that Mr L would likely be able to afford his loan repayments. I've explained why below.

Mr L declared an income of £3,600 per month for these loans. Lending Stream potentially didn't just accept what it was told, it may have used a tool provided by a third party to cross check what it was told. I can see from the information provided Lending Stream didn't make any adjustments to Mr L's income. However, it's equally as possible that no checks were carried out into Mr L's income – it's not clear from the information provided.

However, whether or not Lending Stream attempted to Mr L's income (or not) hasn't led to a different outcome here. It was reasonable and proportionate, for the first two loans to have relied on the self-declared income.

For the outgoings, Lending Stream says it crossed checked what Mr L had declared by looking at statistics that relate to the general population and it considered how much people typically spend with their income. Using available statistics is permitted by the regulations and I think it was fair they were used here. It also used the credit search results (which I'll come on to below) to cross check what Mr L declared about his credit commitments.

Having carried out this further check, Lending Stream increased Mr L's living costs and credit commitments for each loan. But even with the adjustments, the combined monthly repayment for all loans appeared affordable.

Lending Stream also carried out a credit searches 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. What this means is that Lending Stream's credit check results aren't as comprehensive compared to what Mr L can view in his own credit report.

So, I've looked at the results to see whether there was anything contained within it that would've either prompted Lending Stream to have carried out further checks or possibly have declined Mr L's application.

Looking at the results Lending Stream was provided with they were almost the same – which isn't too surprising given the loans were advanced fairly close together. The credit report showed no signs of financial difficulties – there were no defaults or missed payments indicating that Mr L was managing his existing repayments as expected.

And while it knew that Mr L had some debts already and had at least 17 active accounts, everything was being paid as expected, I think it was reasonable for these two loans to have been granted.

I've also thought whether Lending Stream needed to do more and perhaps looking at his bank statements – which would've shown his full credit repayments and his use of an overdraft. But as I've concluded that Lending Stream was entitled to have relied on the information he provided along with the results of its own checks that demonstrated the loans were affordable for him. It hadn't yet reached the point where it needed to verify the information beyond what it did. This means I don't think it would have been proportionate to have gathered or reviewed Mr L's bank statements.

Overall, taking everything into account, I'm satisfied that the checks were proportionate and as that is what Lending Stream was required to do – it therefore follows that I do not uphold the complaint.

Based on the most up to date information I've been provided, an outstanding balance remains due although Mr L has said he already has a repayment plan in place. I would just like to remind Lending Stream of its obligation to treat Mr L fairly and with forbearance when discussing his balances.

I've also 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 Lending Stream lent irresponsibly to Mr L 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

For the reasons given above, I'm not upholding Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 10 March 2026.

Robert Walker
Ombudsman