

The complaint

Mr G complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) failed to carry out sufficient affordability checks before it lent to him.

What happened

A summary of Mr G’s borrowing can be found in the table below.

loan number	loan amount	agreement date	repaid date	number of monthly instalments	highest repayment per loan
1	£200	28/03/2025	outstanding	6	£67.85
2	£300	02/04/2025	24/04/2025	6	£98.56
3	£250	05/05/2025	outstanding	6	£80.82
4	£250	07/05/2025	outstanding	6	£79.84

Where loans overlapped the cost per month would be greater, for example when loans 1, 3 and 4 were running at the same time Mr G’s monthly commitment was £228.51.

Mr G has had some difficulties repaying the loans and the debts appear to have now been sold to a third party.

Following Mr G’s complaint, Lending Stream explained why it wasn’t going to uphold it. Unhappy with this response, Mr G referred the complaint to the Financial Ombudsman, where it was then considered by an Investigator, who didn’t uphold the complaint because proportionate checks had been carried out. Mr G didn’t agree saying:

- No refence was made to the bank statements which had been provided or that Mr G was stuck in a cycle of payday lending.
- Mr G provided a final response letter from another lender who upheld his complaint.
- That Mr G wasn’t allowed to attend work at the time and wasn’t in receipt of an income.
- Mr G had vulnerabilities at the time which haven’t been considered.
- The checks Lending Stream carried out didn’t reflect the real hardship Mr G was in.
- The regulations say information must be checked if there is evidence of unsustainable lending and taking multiple loans in a short space of time ought have triggered this.
- Lending Stream needed to check whether Mr H was dependent on payday loans.
- Mr G provided copies of emails from Lending Stream showing the outstanding accounts would be defaulted – but collection activity should suspend pending the outcome of the complaint.

These points didn’t change the Investigator’s mind and as no agreement could be reached, the complaint has been passed to me for a 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.

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. And I've used that to help me decide this complaint.

Lending Stream had to assess the lending to check if Mr G 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 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 Mr G'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 G. These factors include:

- Mr G 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 G 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 G 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 G. The investigator didn't consider this applied in Mr G's complaint and I would agree with this.

I say this bearing in mind that while Mr G did have four loans in total, and some of these loans overlapped, I don't think the pattern was severe enough or problematic enough for Lending Stream to have concluded that the number of loans ought to have led it to stop lending to Mr G or that the lending was unsustainable.

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

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Mr G's complaint.

Mr G was also granted a loan by Lending Stream in 2021, but it's clear from the submission to the Financial Ombudsman that Mr G is only complaining about the loans approved in 2025 and so that is what this decision has focused on.

Mr G has also provided a lot of information about what was going on in his personal life at around the time these loans were granted. I've not repeated it all here in order to protect Mr G's privacy. But I do hope things have improved for Mr G since he took these loans.

Mr G has provided final response letter from another lender who has upheld his complaint in his favour. So, I think the inference Mr G is drawing is that because another has been upheld for unaffordable lending that it therefore follows this complaint should also be upheld.

But my role is to consider the individual circumstances of the complaint taking account of any relevant law and regulation. What that does mean is that there are times when what appear to be similar circumstances can lead to different outcomes depending on the type and nature of the borrowing and the types of check(s) any lender may have carried out and what those checks show.

In short, another final response letter doesn't set a precedent that I'm bound to follow. In this case, I've fully considered the information Mr G gave to Lending Stream as well as the checks it conducted and what those checks showed.

Lending Stream carried out the same sort of checks for each loan, and I do think those checks it conducted were proportionate to the circumstances of the lending. As such I am not upholding Mr H's complaint, and I've explained why below.

As part of the applications Mr G declared a monthly income of broadly similar monthly amounts of either £1,300 or £1,400 from full time work. Lending Stream said it may have used a third-party tool provided by a credit reference agency to check the accuracy of the information provided by Mr G.

I don't know whether it did or didn't carry out this check. But no adjustments were made to Mr G's income for its affordability assessment and for the early loans it would've also been reasonable for it to have relied on what Mr G had declared to it.

Mr G has provided a letter from his employer showing that at least from November 2024 he wasn't attending his place of work. The letter does suggest that he would continue to be paid. Unless Mr G told Lending Stream it would not know of this nor would it be reasonable of me to have expected it to have known. There's no evidence that Mr G told Lending Stream or that information was picked up as part of its checks. But I wouldn't have expected it to have done any more than it did for these loans. As such, a proportionate check wouldn't have identified this.

For each loan Mr G was asked to provide details of his living costs and his outstanding credit commitments. Mr G on average declared these came to around £900 per month. However, Lending Stream didn't just accept what it was told.

Lending Stream says it looked at other information such as statistics that relate to the general population, and it considered how much people typically spend with their income. Having carried out this further check, Lending Stream increased Mr G's living cost and credit commitments to no more than £1,436 per month. But even with the adjustment the loan looked affordable.

Lending Stream was entitled to use statistical data for cross checking Mr G's living costs – and this is permitted by the regulations at the time. And I don't think in the circumstances of this complaint – it was unreasonable for Lending Stream to have used this data especially in light of the credit search results that I come on to below.

I've noted what Mr G has said about the number of loans taken in a short space of time that is something I've considered but in this case it's not sufficient for me to say further checks were needed.

I also fully accept that the checks conducted by Lending Stream may not have entirely reflected Mr G's actual financial position. But that wasn't what Lending Stream was required to do. It was required to conduct a proportionate check which I'm satisfied that it did do.

Before each loan was approved, Lending Stream also carried out a credit search and it's provided the results. I want to add that, although Lending Stream carried out a credit search, there isn't a regulatory requirement to do one, 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. 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 G's application. This is especially so because Mr G says at the time he was in a payday loan cycle and was dependent on credit.

But what I also need to consider is that there was no requirement for Lending Stream to have looked at specific data or have obtained certain pieces of data – it was well within its right to conduct the check it felt was necessary and then review the data it received.

Having looked at the credit check results, in my view there wasn't anything that would've prompted Lending Stream to have carried out further checks before the loan was advanced or to have declined his application. As such, as far as I can see Lending Stream didn't find out about other closed lending or knew of the make-up of Mr G's debt at the time.

For all of the loans it knew that Mr G didn't have any defaulted accounts. Lending Stream was told for each loan that Mr G's total outstanding debt was no more than £3,200 which is modest compared to his income and at most his commitments were costing him £262 per month which is broadly the amount used for Lending Stream's affordability assessment. There wasn't anything solely from the credit checks that I can see from the results that would've prompted further checks or to have declined Mr G's applications.

For these loans relationship, I think it was reasonable for Lending Stream to have relied on the information Mr G provided to it and the results of its own checks– which showed he had sufficient disposable income to afford the repayments – without the need to verify it further than it did.

Mr G has provided copy bank statements which do show that he was spending a significant amount each month on gambling transactions – Mr G therefore says the loans ought not have been granted because Lending Stream ought to have known this.

But for me to be able to uphold the complaint for this reason, I would have to be satisfied that either Lending Stream knew about the gambling or would've likely known about it by carrying out a proportionate check. And I'm satisfied Lending Stream wasn't told about Mr G's at the time the loan were approved. But I also don't think, for the reasons set out above, it had yet reached the point in the lending relationship where Lending Stream needed to start verifying the information Mr G was giving it.

As such, it wouldn't have asked for or received his bank statements and its only through the bank statements that the gambling would've likely been discovered. Taking account of the circumstances of the complaint, it would've been disproportionate for Lending Stream to have gathered Mr G's bank statements.

I've also noticed what Mr G has said about the way Lending Stream carried on with the collection activity after the complaint had been referred to the Financial Ombudsman. There isn't anything within the rules that means a lender must stop collection activity. Some lenders

do choose to do so, but Lending Stream chose not to as it believed it hadn't made an error with the lending. As such, I can't uphold this element of Mr G's complaint.

If seems from the recent emails that Mr G's debt has been sold to a third party and so if Mr G is unhappy with the way that he's been treated or contacted he can in the first instance raise that directly with the new debt owner.

Based on the information provided by Mr G he was vulnerable at the time the loans were approved. He's provided medical evidence that provides some background to the medication and support he is receiving. In addition to this he's also provided details of a gambling block he put in place in May 2025.

In response to the Investigator, Mr G has referred CONC 2.10 – which I am familiar with. This section of CONC deals with vulnerable consumers as well as customer who may not have capacity to make decisions. In addition, the regulations make it quite clear (CONC 2.10.4) that the lender – Lending Stream in this case – should assume that Mr G had the ability to make the decision to take out the lending unless it knew, or ought reasonably to have known, that Mr G may have lacked capacity.

But there wasn't any indication of his vulnerabilities in the information he provided or the results of Lending Stream's checks. And as far as I can see Lending Stream wasn't aware of these until Mr G made his complaint. This does mean in the circumstances of this complaint, I'm not able to uphold it because of the vulnerabilities Mr G had at the time.

I appreciate this outcome will be disappointing to Mr G given all the submissions he's provided. There is an outstanding balance to be paid and Lending Stream has recognised that Mr H is vulnerable and so any help and support moving forward will need to reflect that and I would remind it of its obligation to treat Mr H fairly and with forbearance.

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 Mr G 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 am not upholding Mr G's complaint.

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

Robert Walker
Ombudsman