

## The complaint

Mr S 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 the loans.

## What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£400	07/02/2023	sold	6	£143.42
2	£500	06/04/2023	outstanding	6	£149.86
3	£210	07/04/2023	sold	6	£75.90

The largest payment per loan column is the cost per loan. Where loans overlapped the cost would be greater. For example, when loans 1 to 3 were running concurrently Mr S was due to pay Lending Stream £369.18 a month.

Following Mr S’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr S referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who also didn’t uphold it. Mr S disagreed across a number of emails, and I’ve summarised his points below.

- The credit checks didn’t show the full extent of Mr S’s difficulties.
- Mr S had a County Court Judgement (CCJ) at the time and provided a copy of his credit report to show this and the CCJ was an indicator of financial distress.
- Mr S took these loans in a short time frame which ought to have been of concern.
- Lending Stream ought to have reviewed Mr S’s bank statements.

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 S 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 S’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 S. These factors include:

- Mr S 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 S 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 S 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 S. The Investigator didn't believe this applied to Mr S's complaint and I agree given the number of loans that were granted – it hadn't reached the point where it would've been obvious to Lending Stream that Mr S was stuck in a cycle of borrowing.

Lending Stream was required to establish whether Mr S 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 S was able to repay his loans 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 S'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 S would likely be able to afford his loan repayments. I've explained why below.

Mr S declared an income of £2,800 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 – but if the tool was used, no adjustments were made to Mr S's income.

Or there were no checks were carried out into Mr S's income – it's not clear from the information provided which loans if any had the income cross check conducted. I've thought about this, but I'm minded to conclude that it was reasonable and proportionate for Lending Stream to have relied on the self-declared income.

For the outgoings, Lending Stream says it crossed checked what Mr S declared by looking at available 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 S declared out his credit commitments.

Having carried out this further check, Lending Stream increased Mr S's living costs for each loan. This took his regularly monthly living expenses up to a maximum of £1,652 per month for loan 2. 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 S 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 S's application.

Firstly, I know from what Mr S has told us that he had a CCJ on his credit file at the time, this was added in July 2022 and was settled at the end of February 2023. But it doesn't look like that Lending Stream asked about CCJs as part of the credit search – so it didn't and couldn't have known about it. And as there isn't a required standard for the credit search results, I can't uphold the complaint purely because Lending Stream didn't make enquires about CCJs.

I would add that in any event, the CCJ had been settled by the time loans 2 and 3 were granted and given the marketplace that Lending Stream operates in even if Lending Stream was aware of the CCJ, I'm still not persuaded that would've necessarily prompted it to conduct further checks.

Looking at the results Lending Stream was provided with – it knew that Mr S had defaulted on a number of accounts with the most recent default occurring 13 months before loan 1. Given these loans are intended for short term use I don't think a default would've been overly concerning to Lending Stream. It is used to lending to consumers with less than perfect credit ratings. It was just about reasonable for Lending Stream to not have conducted further checks solely based on the credit search results.

I've thought about what Mr S says about Lending Stream needing to do more before it lent, perhaps looking at his bank statements. 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, and I don't yet think it had 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 and reviewed Mr S's bank statements.

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

An outstanding balance remains outstanding for loan 2 which is currently with Lending Steam – and so Mr S may wish to contact them to discuss a way forward. I would remind Lending Stream of its obligation to treat Mr S 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 Steam lent irresponsibly to Mr S 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 S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 March 2026.

Robert Walker  
**Ombudsman**