

Complaint

Mr K has complained about high-cost short-term credit ("HCSTC") instalment loans he took out with Gain Credit LLC (trading as "Lending Stream"). He says that these loans were unaffordable and so shouldn't have been provided to him.

Background

This complaint centres on the provision of two high-cost short-term credit instalment loans that Lending Stream provided to Mr K. Mr K's lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term*	Payment	Combined payment to Lending Stream
1	June 2024		December 2024	£160	6	£53	
2	October 2024	Loan 1	Outstanding	£680	6	£199.78	£252.78 ¹

One of our investigators reviewed what Mr K and Lending Stream had told us. And she thought that Lending Stream ought to have realised that it shouldn't have provided loan 1 to Mr K. However, she didn't think that Lending Stream had done anything wrong when providing loan 2. So the investigator recommended that Mr K's complaint be partially upheld.

Lending Stream disagreed and asked for an ombudsman to look at the complaint.

My provisional decision of 24 October 2025

I issued a provisional decision – on 24 October 2025 - setting out why I wasn't intending to uphold Mr K's complaint.

In summary, I was satisfied that proportionate checks won't have shown that these loans were unaffordable for Mr K. Therefore, I was satisfied that it wasn't unfair for it to have lent in these circumstances.

Lending Stream's response to my provisional decision

Lending Stream didn't respond to my provisional decision or provide anything further for me to consider.

Mr K's response to my provisional decision

Mr K responded to say that he disagreed with my provisional decision. He said that he had two county court judgments ("CCJ") recorded against him and the funds were lent to him without the proper checks being done.

¹ Mr K still had to make three repayments on loan 1 at when he was provided with loan 2. So when loan 2 was provided this meant he would have to make combined loan payments of £252.78 in October 2024 and November 2024 and then £251.42 in December 2024.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about short term lending on our website. And I've used this approach to help me decide Mr K's complaint.

Having carefully thought about everything I've been provided with, including the responses to my provisional decision, I'm still not upholding Mr K's complaint. I'll explain why in a little more detail.

Our approach to irresponsible and unaffordable lending complaints

Mr K was provided with high-interest loans, intended for short-term use. So Lending Stream needed to make sure that it didn't provide them irresponsibly. In practice, what this means is that Lending Stream needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Mr K before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Lending Stream's checks before agreeing to lend to Mr K

Lending Stream says it agreed to Mr K's applications after he'd provided details of his monthly income and expenditure. It says the information Mr K provided on his income and expenditure showed that he'd be able to make the repayments he was committing to. And in these circumstances it was reasonable to lend. On the other hand, Mr K says that the loans were unaffordable and shouldn't have been provided to him.

I've carefully considered what the parties have said.

Did Lending Stream act fairly and reasonably when providing Mr K with his loans?

It's fair to say that this isn't a case where the lender simply relied on information provided by a borrower at face value. The information Lending Stream has provided suggests that Mr K was asked to provide details of his income, was asked questions about his expenditure and that credit checks were carried out before both of these loans were provided.

I note that our investigator was of the view that Lending Stream shouldn't have provided loan 1 to Mr K bearing in mind the amount of disposable income it concluded he had. However, it appears that Lending Stream decreased the amount of Mr K's income and increased the amount of his expenditure to create some headroom in its calculations. And even then Mr K was left with surplus amounts after the repayment for these loans were accounted for.

Furthermore, I'm mindful that this was done in circumstances where Lending Stream's credit searches showed that Mr K didn't have any significant adverse information – such as defaulted accounts or CCJs – recorded against him. To be clear this isn't me saying that

Mr K didn't have any CCJs recorded against him, it's me saying that Lending Stream weren't aware of any.

In response to my provisional decision, Mr K has said that he did have CCJs recorded against him. However, Mr K hasn't been able to confirm when any CCJ had been obtained against him. Therefore, I don't know whether this CCJ ought to have been reported on. In any event, the most important thing here is that Lending Stream's checks didn't pick any CCJs up and it couldn't take account of something that it wasn't aware of.

For the sake of completeness, I do think that it would be worth me explaining that as Mr K initially said that any CCJ had been repaid and was on his record a few years back, I don't think that this would have been reflective of Mr K's position at the time of his application. After all, while a historic CCJ would have been reflective of prior difficulties it having been fully repaid was an indication that things having improved since then.

So notwithstanding whether a historic CCJ or CCJs may or may not have existed, for the avoidance of doubt, I'd reiterate that Lending Stream's checks didn't show any, I'm still not persuaded there was anything that was inconsistent or called into question Mr K's declaration of his income and expenditure, or which suggested that he shouldn't have been lent to under any circumstances in the way he suggests.

Bearing in mind the amount of the repayments for these loans, the questions Mr K was asked and this was at the beginning of Mr K's lending relationship with Lending Stream, I don't think it was unreasonable for Lending Stream to rely on the information Mr K had provided in deciding whether to advance these loans. And as the information gathered suggests that these loans were affordable for Mr K, I'm satisfied that it was fair and reasonable for Lending Stream to provide these loans to Mr K.

Did Lending Stream lend to Mr K in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for him?

In reaching my conclusions, I've also kept in mind that Lending Stream provided two loans to Mr K and in some circumstances repeat borrowing in itself can sometimes be an indication of a customer borrowing in a way that is unsustainable. However, I don't think that Mr K's pattern of borrowing in itself appears problematic here.

I say this because Mr K also think that it's also noting that Mr K was only ever intended to be indebted to Lending Stream for a total period of around eleven months. Bearing in mind it's not uncommon for individual high-cost short-term credit loans to be provided for amounts of the total amount Mr K borrowed from Lending Stream, over terms equivalent to the entire period Mr K was due to be indebted to Lending Stream for, I don't think that Lending Stream ought to have realised that Mr K was using these loans in a way that was unsustainable.

So while Mr K being a repeat borrower here has led to me taking a closer look at the overall pattern of lending, I'm satisfied that it wasn't unfair for Lending Stream to have provided these loans to Mr K on the basis that it ought to have realised that it was increasing Mr K's indebtedness in a way that way unsustainable or otherwise harmful.

For the sake of completeness, I'd add that I've seen what Mr K has said about Lending Stream failing to offer him support when he found it difficult making his payments to loan 2. However, I can see that Lending Stream did consider Mr K's circumstances and agree a repayment plan with him in April 2025.

I don't know if Mr K has found it difficult to make these payments. But I don't think that it would be fair to say that Lending Stream has offered him no help at all. In any event, it has

been sometime since this arrangement was put in place and I've not seen anything to indicate that the loan has since been settled.

In these circumstances, I'd like to remind Lending Stream of its ongoing obligation to exercise forbearance and due consideration – particularly given what it now knows about Mr K's situation and his ability to make payments - should an outstanding balance remain. I would also encourage Mr K to get in contact with and co-operate with any steps that may be needed to review what he might, if anything, be able to repay going forward.

Mr K may be able to complain to us – subject to any jurisdiction concerns – should he be unhappy with Lending Stream's actions in relation to exercising forbearance over any outstanding balance it may be owed.

Section 140 of the Consumer Credit Act 1974

Finally, I've also considered whether the lending relationship between Lending Stream and Mr K might have been unfair to Mr K under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I'm not persuaded that Lending Stream irresponsibly lent or treated Mr K unfairly bearing in mind all of the circumstances. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall, and based on the available evidence, I've not been persuaded that Lending Stream acted unfairly when providing Mr K with these loans. So I'm not upholding this complaint. I appreciate that this will be very disappointing for Mr K – particularly as our investigator, suggested that the complaint should be partially upheld. But I hope he'll understand the reasons for my decision and that he'll at least feel that his concerns have been listened to.

My final decision

For the reasons I've explained above and in my provisional decision of 24 October 2025, I'm not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 December 2025.

Jeshen Narayanan
Ombudsman