

The complaint

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

What happened

A summary of Miss B’s lending can be found in the table below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£500	16/11/2024	25/12/2024	6	£178.37
2	£500	29/12/2024	11/04/2025	6	£164.29
3	£500	11/01/2025	11/04/2025	6	£182.16
4	£100	12/01/2025	24/01/2025	6	£36.22

The “*largest repayment per loan column*” is the individual cost per loan, so where loans overlapped the cost was greater. For example, when loans 2 – 4 were running concurrently Miss B was committed to paying £382.67 to Lending Stream per month.

Following Miss B’s complaint, Lending Stream explained why its checks were proportionate. Miss B then referred the complaint to the Financial Ombudsman. The case was then considered by an Investigator, who didn’t uphold the complaint.

Miss B didn’t agree saying she can accept the outcome for loan 1 but Lending Stream needed to look at her finances more closely when loans overlapped and when she returned for loans in quick succession. 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 B could afford to pay back the amounts 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 B’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 B. These factors include:

- Miss B 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 B 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 B 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 B. The Investigator didn't believe this applied to Miss B's complaint and I agree. I accept that some of the loans overlapped – but, it hadn't yet reached the point where Lending Stream ought to have concluded that the lending it was providing was problematic.

Lending Stream was required to establish whether Miss B could *sustainably* repay the loans – 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 B was able to repay her loans sustainably. But it doesn't automatically follow that this is the case.

Having looked at the information provided by both Miss B and Lending Stream it would seem the same checks were carried out for each application – which demonstrated the loans were affordable. I've thought about this and I've come to the conclusion that Lending Stream's checks were just about reasonable and so I've not upheld the complaint. I've explained why below.

For all of the loans, Miss B declared to Lending Stream her income was £3,200 per month. She also declared her monthly outgoings were £2,225 per month – which included the 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 B's income – but it's not clear from the evidence provided whether it did undertake this check and or which loans it checked.

If Lending Stream had taken steps to cross check Miss B's income than I'd consider that to be a proportionate check. But even if it didn't do the cross checking there wasn't anything to suggest the income was in anyway inaccurate.

Indeed, even if I thought Lending Stream needed to conduct further checks into Miss B's income – then it would've discovered her income was greater than what she had declared. But in any event using the monthly income declared by Miss B was reasonable.

Lending Stream then went about checking Miss B's outgoings by looking at statistics that relate to the general population, and it considered how much people typically spend their income on. It also used the credit check to make any adjustments to Miss B's credit commitments.

Having carried out this further check, Lending Stream increased Miss B's monthly outgoings to a maximum £2,406 per month when loan two was granted. Even taking Miss B's actual income into account the loans would've just about looked affordable.

Lending Stream also carried out credit searches, and it has provided the Financial Ombudsman with results it received. 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.

The first thing to say is the credit check results were broadly similar which isn't surprising given the proximity of the loans. Lending Stream was told that there were no missed payments on any active accounts. And while there was some adverse payment information such as a defaults – these all appeared to have been related to difficulties Miss B had encountered at the start of 2024. Her most recent payment history was generally good. And so, given what else Lending Stream knew about Miss B it was reasonable for it to have approved these loans without further looking at her finances any closer.

I can also see that Lending Stream used the credit checks to estimate how much Miss B had in outstanding debt and what those monthly repayments were to existing creditors. Having looked at the results the amounts, it calculated were broadly accurate.

I also know from the full credit checks that Lending Stream – when looking at the existing credit commitments didn't include the overlapping Lending Stream loans in its calculation. But even if it had included the existing loans within the calculations, it still would've concluded that Miss B had sufficient disposable income to afford the repayments.

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 B.

What this does mean is that I don't think it had yet reached the point, based on the information provided by Miss B and what was checked, or the pattern of borrowing had quite reached the point where Lending Stream would've wanted to have verified the information provided by Miss B. As such, while I can see she has provided copy bank statements to us, Lending Stream wouldn't have been expected to obtain them in the circumstances of this complaint.

I'm sorry to hear about Miss B's gambling and I do hope things have improved for her now. It therefore follows that Lending Stream wouldn't and didn't know about the gambling transactions Miss B has told us about.

Taking everything into account, I am not upholding Miss B's complaint about the loans.

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 B 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 B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 March 2026.

Robert Walker
Ombudsman

