

Complaint

Miss S has complained about high-cost short-term credit (“HCSTC”) instalment loans she took out with Gain Credit LLC (trading as “Lending Stream”). She says that Lending Stream should not have provided her with these loans as they were unaffordable.

Background

This complaint centres on the provision of four high-cost short-term credit instalment loans that Lending Stream provided to Miss S. Miss S’ lending history is as follows:

Loan	Taken	Concurrent with	Settled	Amount	Term*	Payment	Combined payment to Lending Stream
1	November 2023		December 2023	£100	6	£53.58	
2	November 2023	Loan 1	March 2024	£490	6	£164.08	£217.66 ¹
3	March 2024	Loan 2	April 2024	£100	6	£35.67	£199.75 ²
4	September 2024		December 2024	£110	6	£35.25	

* in months

One of our investigators reviewed what Miss S and Lending Stream had told us. And she thought that Lending Stream ought to have realised that it shouldn’t have provided loans 3 and 4 to Miss S. So the investigator recommended that Miss S’ complaint be partially upheld.

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

My provisional decision of 10 November 2025

I issued a provisional decision – on 10 November 2025 - setting out why I wasn’t intending to uphold Miss S’ complaint.

In summary, I was satisfied that that Lending Stream carried out reasonable and proportionate checks which showed that these loans were affordable for Miss S. I wasn’t persuaded that Lending Stream advanced these loans in circumstances where it ought reasonably to have realised they were unsustainable or otherwise harmful for her either.

In these circumstances, I was of the view that it wasn’t unfair for Lending Stream to have lent to Miss S.

The parties’ responses to my provisional decision

¹ Miss S was due to make the repayments on loan 1 when she was provided with loan 2. So when Lending Stream provided loan 2 this meant she would have to pay a combined £217.66 each month.

² By the time of loan 3, loan 1 had repaid but loan 2 remained outstanding. So Miss S would have been expected to make repayments of £199.75 a month to Lending Stream for approximately two months at the time she agreed to this loan.

Neither Lending Stream nor Miss S responded to my provisional decision or provided anything further for me to consider.

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 Miss S' complaint.

Having carefully thought about everything I've been provided with, I'm not intending to uphold Miss S' complaint. I'd like to explain why in a little more detail.

Miss S 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 Miss S 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 says it agreed to Miss S' applications after she'd provided details of her monthly income, which it cross checked against information it received from credit reference agencies on the amount of funds going into her main bank account each month. It says the information Miss S provided on her income and expenditure showed that she would be able to make the repayments she was committing to on these loans. And in these circumstances, it was reasonable to lend.

On the other hand, Miss S says that these loans were unaffordable for her and her applications for them shouldn't have been accepted.

I've carefully thought about what Miss S and Lending Stream have said. The information provided does suggest that Miss S was asked to provide details of her income and expenditure. Lending Stream didn't just accept Miss S' declarations at face value, it carried out credit searches.

I note that our investigator was of the view that Lending Stream shouldn't have provided loans 3 and 4 to Miss S bearing in mind the amount of disposable income it concluded she had. However, it appears that Lending Stream increased the amount of Miss S' expenditure to create some headroom in its calculations. And even then Miss S was left with surplus amounts, which were higher than the monthly repayments for these loans, 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 Miss S didn't have any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") – recorded against her. So there was

anything that was inconsistent or called into question Miss S' declaration of her income and expenditure in the first place.

It's possible that the investigator reached the conclusion that she wouldn't have lent in these circumstances. But what I need to do is determine whether Lending Stream was reasonably entitled to conclude that Miss S could repay these loans. It isn't for me to re-underwrite the loan or determine whether I would have lent in these circumstances.

Bearing in mind the amount of the monthly repayment, the questions Lending Stream asked Miss S, it taking account of what the credit checks showed and these being Miss S' first loans with it, I don't think it was unreasonable for Lending Stream to rely on the information that Miss S had provided.

I accept that Miss S' actual circumstances may not have been reflected either in the information she provided, or the other information Lending Stream obtained. And I'm sorry to hear that Miss S was struggling financially. But Lending Stream could only make its decisions based on the information it had available at the time. And, at this stage of the lending relationship, I don't think proportionate checks would've extended into Lending Stream asking Miss S to provide evidence such as bank statements to verify what she had declared.

Equally it's only really fair for me to uphold a complaint where I can safely say a lender did something wrong. And I don't think that Lending Stream did anything wrong in deciding to lend to Miss S - it carried out reasonable checks even though Miss S now says that the information it had was inaccurate.

Lending Stream reasonably relied on the information provided with and given the amount of the repayments involved and the overall circumstances of Miss S' loan history, I don't think it was unreasonable for Lending Stream to provide these loans – especially as there wasn't anything obvious, in the information it had, to suggest Miss S wouldn't be able to sustainably repay them.

Did Lending Stream lend to Miss S in circumstances where it ought reasonably to have realised that doing so was unsustainable or otherwise harmful for her?

In reaching my conclusions, I've also kept in mind that I'm considering a complaint about four loans that Lending Stream provided to Miss S 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 Miss S' pattern of borrowing was in itself problematic.

I say this because Miss S was only due to be indebted to Lending Stream for a total period of twelve months when she was provided with loan 4. Bearing in mind it's not uncommon for individual loans to be provided for the total amount Miss S borrowed, over terms equivalent to the entire period Miss S was due to indebted to Lending Stream for, at the time she was given loan 4, I don't think that Lending Stream ought to have realised that Miss S was using these loans in a way that was unsustainable. This is especially as there was also a gap of five months between loan 3 being repaid and loan 4 being provided too.

So while Miss S 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 Miss S on the basis that it ought to have realised that it was increasing her indebtedness in a way that was unsustainable or otherwise harmful for her.

Finally, I've also considered whether the lending relationship between Lending Stream and Miss S might have been unfair to Miss S 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 Miss S 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.

So overall and having considered everything, I'm satisfied that Lending Stream did act fairly and reasonably towards Miss S in agreeing to provide these loans to her.

Conclusions

Overall and having carefully considered everything, I'm not upholding Miss S' complaint. I appreciate that this will be very disappointing for Miss S. This is especially as the investigator – albeit erroneously – suggested that the complaint should be partially upheld. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained above and in my provisional decision of 10 November 2025, I'm not upholding Miss S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 30 December 2025.

Jeshen Narayanan
Ombudsman