

The complaint

Mr R complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave him loans without carrying out sufficient affordability checks.

What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£50	16/02/2022	01/07/2022	6	£14.79
2	£290	15/04/2022	23/09/2022	6	£88.57
3	£100	28/01/2023	27/07/2023	6	£30.42
4	£180	10/09/2023	22/02/2024	6	£54.21
5	£100	15/09/2023	14/12/2023	6	£35.50
break in lending					
6	£300	02/09/2024	25/02/2025	6	£95.81
7	£100	01/10/2024	25/03/2025	6	£32.19
8	£150	04/11/2024	24/04/2025	6	£47.14

The end column is the largest payment per loan, but where loans overlapped the cost would be greater. For example, when loans 6 to 8 were running concurrently Mr R was due to pay Lending Stream £175.14 per month.

Following Mr R’s complaint, Lending Stream explained why it wouldn’t be upholding it. Mr R then referred the complaint to the Financial Ombudsman Service where it was considered by an Investigator. Who in their latest assessment concluded all loans from loan 3 (inclusive) should be refunded because Mr R was in a cycle of debt which could be seen from his bank statements.

Mr R agreed with the outcome, but Lending Stream disagreed with the proposed outcome. The complaint was then passed to me, and I issued a provisional decision explaining the reasons why I was intending to not uphold Mr R’s complaint.

Both parties were asked for any further submissions, but these needed to have been received by 5 December 2025. Lending Stream didn’t provide a response to the provisional decision. Mr R didn’t agree with the provisional decision, and I’ve summarised his points below.

- The number of loans taken was an indication these loans were unaffordable and weren’t sustainable.
- Just because Mr R repaid the loans as expected that didn’t mean they were affordable.
- Mr R was using his overdraft of £1,500 at the time of borrowing.

- Had Lending Stream carried out a “...*thorough credit assessment...*” at the time the loans wouldn't have been approved.
- Mr R had ‘maxed’ out three credit cards and was on payment holidays. Mr R provided some screen shots of emails he received from other creditors about this.

A copy of the provisional findings follows this and forms part of this final decision.

What I said in my provisional decision:

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 R 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 R'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 R. These factors include:

- *Mr R 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 R 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 R 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 R. The Investigator said this occurred from loan 3, but for the reasons I've set out below I disagree with this given the amounts borrowed, number of loans and the break in the lending relationship.

Lending Stream was required to establish whether Mr R 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 R was able to repay the 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 R's complaint.

Loans 1 and 2

Neither Mr R, nor Lending Stream, disagreed with the Investigator's latest assessment not to uphold these loans. As such there doesn't seem to be any disagreement about them and so I make no further comment about them.

Loan 3

Before I set out the checks Lending Stream did and whether I consider those to be proportionate its worth adding that there was a break in lending of around four months from when loan 2 was repaid to when Mr R took loan 3.

While that may not be enough to break the lending chain, I have considered that Mr R hadn't used Lending Stream loans for a period of time. In addition, this loan was also smaller than the last loan that he was granted. As such, I disagree with the Investigator's conclusions about Mr R being stuck in a cycle of borrowing. There isn't anything to support this.

Of course, Lending Stream may not have carried out proportionate checks or those checks may have shown that Mr R was struggling, but just on the loan history and the way these loans had been taken isn't enough for me to say that it was obvious to Lending Stream that Mr R was stuck in a cycle of borrowing to repay other lending.

As part of his application for the loan, Mr R declared to Lending Stream he earned £1,100 per month. However, Lending Stream didn't just rely on what it was told by Mr R. Lending Stream says it used a third party and having made these checks, it decided Mr R's income was likely to be accurate. For a small loan and after a small break in borrowing I think this check into Mr R's income was reasonable and proportionate.

Mr R declared total monthly outgoings of no more than £275. Lending Stream says it looked at other information such as available 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 made an adjustment, and it added a further £238 to Mr R's regular living costs. This took his regularly living expenses up to £513 per month.

Lending Stream also carried out a credit search 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.

Lending Stream was also entitled to rely on the information it was given by the credit reference agency, and these could differ from the information Mr R may be able to see in his own credit report. But 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 R's application.

Lending Stream initially provided its summary spreadsheet that showed Mr R had 10 active accounts and had total debts of £5,094 and there were no missed payments or delinquent accounts recorded on Mr R's credit file. Later, following the Investigator's initial assessment, Lending Stream provided more details of the accounts Mr R had at this point. It could see that he was over his overdraft limit and at the credit limit of a couple of credit cards.

The Investigator, concluded that this meant Mr R was in a cycle of debt and so should've led Lending Stream to conduct further checks. I've carefully thought about this but I disagree. It isn't my role to decide whether or not I would've lent had I been assessing the application – my role is to consider whether Lending Stream carried out a proportionate check.

Taking account of the size of this loan, the small break between loans 2 and 3 and the fact the checks showed the loan to be affordable I am concluding that Lending Stream didn't need to do more checks before lending. It could rely on the information it had to hand which showed this loan was affordable.

I therefore do not uphold the complaint about this loan.

Loans 4 and 5

Lending Stream carried out the same sort of checks for these loans as it had done for loan 3. As such I won't go into as much detail as I did for loan 3 but I don't think I need to because the checks Lending Stream carried out showed the loan to be affordable.

These loans were taken within the same week and so the information used by Lending Stream for its affordability assessment is broadly the same. Mr R declared a monthly income of £1,950 for both

loans and following further cross checking by Lending Stream it decreased this to £1,772. The smaller amount was used for the affordability assessment which is the correct process to follow.

This time, following Mr R's declaration of his outgoings – which included his credit commitments Lending Stream increased these to around £924 per month for each loan. Given the checked income, Mr R had sufficient disposable income to afford the loan repayments – even when they overlapped.

The credit checks results were much the same as at loan 3, there was no adverse credit file data, such as defaults or missed payments and in my view, there wasn't anything to give Lending Stream cause for concern from the full data received.

As such I've come to the same conclusions for these loans as I have done so for loan 3. The checks Lending Stream carried out were proportionate and demonstrated that the loan repayments were affordable for Mr R. I don't think, given the time between some of the loans that it had yet reached the point where Lending Stream needed to have started to verify the information it has provided such as obtaining payslip, copy bills or bank statements.

Overall, the loans looked affordable and so I am intending to not uphold the complaint.

Loans 6 to 8

After repaying loan 5 and before returning for loan 6, Mr R didn't borrow from Lending Stream for a period of 9 months. As such, that break is large enough in my view to have started a brand-new lending chain.

So, while this was Mr R's sixth time borrowing from Lending Stream it in effect became the first loan of a new chain. As such that does have an impact on the type and level of checks Lending Stream maybe required to perform.

Lending Stream carried out exactly the same sort of checks for this lending chain as it had done so for the previous one. For all of these loans Mr R declared a monthly income of £2,100. However, Lending Stream cross checked that and had concerns about the information he had provided, as such it decreased Mr R's income. For the affordability checks it used an income of no less than £930.

Mr R provided Lending Stream information about his monthly living costs as well as his credit commitments. Lending Stream crossed check what it was told including using a credit search to work out Mr R's likely monthly credit commitments. Having carried out this check for each of these three loans it worked out that Mr R enough disposable income to afford the repayments even taking account of the fact these loans overlapped each other.

The credit search results continued to show that Mr R hadn't defaulted on any accounts nor had any difficulties making his repayments each month because there were no late fees. I do acknowledge that by loan 8 Mr R now had 19 active accounts but as there wasn't any apparent difficulties in making his repayments, I don't think Lending Stream would've likely been concerned enough that would've prompted it to make further checks.

The checks Lending Stream did do went beyond just relying on what it was told Mr R and that was fair and reasonable because this was the start of a new lending chain and Lending Stream was entitled to adjust its checks accordingly. The checks showed that Mr R would be able to afford the payments he was committing to, and as such I am also not intending to uphold Mr R's complaints about these loans either.

I appreciate this will come as a disappointment to him, considering the view expressed by the Investigator. But taking everything together, including the gap in borrowing that previously didn't appear to have been considered along with the relatively small sums borrowed – I'm not minded to conclude that further checks were needed or that the evidence provided showed the loans to be unaffordable.

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.

I've considered the additional submissions made by Mr R, but in the circumstances of the complaint, I am not minded to change the outcome that was set out in the provisional decision. I've explained why below.

I had considered the number of loans taken by Mr R and had all of those loans been taken in one lending chain then I may well have concluded that the sheer number of loans was unsustainable. But in this case, there was a significant enough gap between loans 5 and 6 which for the reasons given the provisional decision meant Mr R could be treated as if he was a new customer. As such I don't think it would've been obvious to Lending Stream that these loans were unsustainable.

I would also agree with Mr R that solely repaying the loans didn't mean they were affordable for him – but as Lending Stream conducted sufficient checks before lending there wasn't and there wasn't any indication from the results of those checks that he was having or likely having financial difficulties. As such, I don't think Lending Stream needed to have done more.

I also don't think it had yet reached the point where Lending Stream needed to obtain further verification of Mr R's circumstances perhaps through his bank statements. And the bank statements may have well shown the loans were unaffordable, but that couldn't have been known at the time because Lending Stream had already fulfilled its obligation to carry out a proportionate check.

I'm sorry to hear of Mr R's wider financial difficulties and problems he had repaying his credit cards – but that information wasn't reflected in the information Lending Stream received and checked as part of the application process. And while I can see from the screen shots provided by Mr R that he had received help for repaying other creditors that information wasn't disclosed in the information Lending Stream received. And as such it couldn't react to it because it didn't know about it.

I've therefore reached the same outcome for the same reasons as set out in the provisional decision I don't think Lending Stream was wrong to have lent to Mr R.

I've also considered whether Lending Stream acted unfairly or unreasonably in any other way I've also thought about whether the relationship might have been unfair under Section 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 R 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 I've explained above and in the provisional decision, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 8 January 2026.

Robert Walker

Ombudsman