

The complaint

Mr L 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 Lending Stream would’ve realised Mr L was gambling.

What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£550	09/05/2025	10/05/2025	6	£170.07
2	£600	29/05/2025	03/07/2025	6	£199.14
3	£380	04/06/2025	07/06/2025	6	£121.21
4	£440	01/07/2025	01/07/2025	6	£143.52
5	£1,000	04/07/2025	outstanding	6	£319.75

The “*largest payment per loan*” column is the cost per loan, where loans overlapped the cost would be greater. For example, when loans 2 and 3 were running concurrently Mr L was due to pay Lending Stream £320.35 a month.

Following Mr L’s complaint Lending Stream explained why it wasn’t going to uphold it. Mr L referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who partly upheld the complaint about loan five only.

Mr L agreed with the outcome but Lending Stream didn’t, saying – in relation to loan five only.

- A full credit search was carried which showed no default within the last 31 months and the results suggested he had financial stability.
- Mr L had a strong repayment record with Lending Stream.
- Lending Steam didn’t solely rely on the information it was provided – for example it increased Mr L’s monthly expenditure.
- Mr L had sufficient disposable income to afford his repayments.
- There was no requirement to look at Mr L’s bank statements and there were no grounds to suspect that Mr L was gambling.

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 L 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 L'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 L. These factors include:

- Mr L 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 L 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 L 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 L. The Investigator didn't believe this applied to Mr L's complaint and I agree.

Lending Stream was required to establish whether Mr L 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 L 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 L's complaint.

As part of his complaint, Mr L says that he contacted Lending Stream over 10 years ago to self-exclude from taking loans due to his gambling. Mr L says he's been told that information has been deleted from Lending Stream's systems. We've asked Lending Stream about this and it says it has no records of a request being made. The first it says it knew about Mr L's gambling was when he made his complaint.

Unfortunately, there isn't based on the information provided any record of Mr L asking to be self-excluded from taking loans from Lending Stream and as such I can't uphold this part of his complaint for this reason.

Loan 1 – 4

The Investigator didn't uphold Mr L's complaint about these loans and neither Mr L nor Lending Stream disagreed with the outcome that was reached. These loans are no longer in dispute and so this decision will concentrate on loan 5.

Loan 5

Mr L declared an income of £2,445 per month. Lending Stream didn't just accept what it was told, it used a tool provided by a third party to check the accuracy – no adjustments were made indicating what Mr L had declared was likely to be accurate.

Mr L declared outgoings of £525. Lending Stream went about cross checking that using information 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.

Having carried out this further check, Lending Stream increased Mr L's living costs (including credit commitments). This took his regularly monthly living expenses up to a maximum of £863.52 per month. The loan at least based on the results of the income and expenditure check looked affordable.

Lending Stream also carried out a credit search, it has provided the Financial Ombudsman with a summary spreadsheet of the results it received from the credit reference agency. The file showed that Mr L had defaulted on four accounts, but the most recent one was recorded 31 months ago and so I do agree with Lending Stream that it could place less weight on the defaults as a sign that Mr L was having or likely having financial difficulties.

It also knew that Mr L had 10 active accounts and had total debts of around £6,700 but Lending Stream was told that one account had entered in delinquency in the month before this loan was approved. Lending Stream says this wasn't anything to worry about as it was a one-off event – but it still nonetheless showed that Mr L had some difficulties fairly close to the start of this loan.

But I do have some concerns with the way Mr L was taking out and repaying his loans – this was Mr L's fifth loan request in a little over 5 weeks. This was his largest loan to date and it was taken the day after loan 2 had been repaid. Lending Stream says the fifth successive loan isn't a reason to carry out more checks, but I disagree when looking at his repayment history, how quickly the loans were granted and the recent adverse payment information.

Thinking about all of these factors – I do agree with the Investigator that further checks were needed before the final loan was granted. I fully accept Lending Stream's checks didn't suggested the loan was unaffordable, but that alone isn't a reason not to do further checks.

In these circumstances, I do think Lending Stream needed to do more in order to get an accurate idea of what Mr L's income was as well as his day to day living costs were likely to be – as I don't think it was right to have relied on what he was told and then use national statistics given his continued need for credit and his recent payment problems.

To be clear, just because I think further checks were needed before loan 5 was approved, that doesn't automatically lead to the complaint being upheld. After all it's entirely possible that had Lending Stream made further checks it would've shown the loan was affordable.

Lending Stream could've gone about carrying out further checks a number of ways, it could've asked more detailed questions, it could've obtained copy bills, other necessary documentation or it could've asked to see Mr L's bank statements.

I accept had Lending Stream conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Lending Stream conducting a proportionate check I do think it's entirely fair and reasonable to consider the bank statements that I now have access to.

Had Lending Stream undertaken proportionate checks it would've seen from the bank statements that Mr L was spending significant sums of money each month on gambling transactions. As such, he couldn't afford nor sustainably repay this loan and so had proportionate checks been carried out Lending Stream wouldn't have lent to him.

I am therefore upholding Mr L's complaint in part about loan 5 only.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Mr L in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

If the outstanding debt has been sold Lending Stream should buy it back if it is able to do so and then take the following steps. If Lending Stream can't buy the debt back, then it should liaise with the new debt owner to achieve the results outlined below.

Lending Stream shouldn't have provided loan 5.

- A. Remove all interest, fees and charges from the balance of loan 5, and treat any repayments made by Mr L as though they had been repayments of the principal. If this results in Mr L having made overpayments then these should be refunded with 8% simple interest* calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled.
- B. However, if there is still an outstanding balance then Lending Stream should try to agree an affordable repayment plan with Mr L while treating him fairly and with forbearance.
- C. Remove any adverse information recorded on Mr L's credit file in relation to loan 5.

*HM Revenue & Customs requires Lending Stream to deduct tax from this interest. It should give Mr L a certificate showing how much tax it has deducted, if he asks for one.

My final decision

For the reasons given above, I'm upholding Mr L's complaint in part.

Gain Credit LLC trading as Lending Stream should put things right for Mr L as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 March 2026.

Robert Walker
Ombudsman