

The complaint

Mr H complains that Gain Credit LLC trading as Lending Stream lent to him irresponsibly.

What happened

Here is a table giving brief details of the lending.

Loan	Approved	Amount	Repayments (rounded)	Repaid
1	27 May 2023	£1,420 (£1,500 requested)	12 months 11 x £240 and 1 x £201	28 March 2024
2	8 May 2024	£300	6 months at £94	24 May 2024
3	3 June 2024	£300	6 months at £97	27 June 2024
4	28 June 2024	£650	6 months 5 x around £217	20 August 2024

Each of the four loans was repaid early.

After Mr H had complained in August 2025, Lending Stream responded and then it was referred to the Financial Ombudsman. One of our investigators thought that Lending Stream ought not to have approved Loan 1 for Mr H but was satisfied about the lending decision for Loans 2, 3 and 4.

Mr H agreed with that outcome which means he also agrees with the non-upholds for Loans 2, 3 and 4. So I consider those resolved. Lending Stream disagreed in relation to Loan 1. The unresolved complaint was 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 unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mr H's case. I've decided the first loan wasn't provided fairly and I set out my reasons in the following paragraphs.

I think the checks Lending Stream did before providing the loan were reasonable and proportionate given the amount it offered and what it knew about Mr H's financial situation. I endorse Lending Stream's cautious approach which led it to reducing Mr H's declared income and increasing his regular expenditure costs.

The loan was due to be repaid across 12 months – this was not a short period. So when the disposable income figure (after paying all that he needed to pay) came in at around £76, as this was going to be for 12 months, I'd consider that too narrow a margin to be comfortable.

I noted for Loan 1 that Mr H applied for £1,500 but it appears that Lending Stream did not consider that it was a comfortable amount to lend and reduced the sum to £1,420. This shows to me that it considered a lower sum more responsible. So where in its submissions

(with reference to the £76 disposable income) Lending Stream says 'Declining such access solely on the grounds that the application cannot cover the emergency upfront risks undermines that purpose.' it may not have chosen to refuse Mr H's application having done the figures but it did choose to reduce the amount offered due to the figures.

Often in these situations, where technically the loan may look affordable but the margin of available cash left over is slim (as here), then I look to see if there are any other indicators that Mr H may have been struggling. And that may mean that the narrow margin of disposable income may be too narrow to be sustainable across the loan term.

In Mr H's case, the credit search results Lending Stream have sent to us are not satisfactory as they are too brief. But what it does show at Loan 1 is that Mr H already had a history of nine defaulted or delinquent accounts – and just one month before he approached Lending Stream for this loan, he'd incurred another one. The records do show that the defaulted accounts were historic – I accept that – as they were at least 39 months old.

But the records also show a delinquent account was registered one month before. And delinquency does not usually mean one missed payment – usually it points to an account being in arrears and may have been for some time. That delinquency marker, plus the narrow margin of disposable income, leads me to think that if Mr H could not afford to pay off what was owed on an existing account the previous month, he's likely to have trouble trying to pay those commitments plus this new loan for 12 months. And therefore the narrow margin of disposable income becomes all the more uncomfortable.

Based on the information Lending Stream gathered and what it knew about Mr H's circumstances, I think it should have realised he was unable to sustainably repay what he was being lent at Loan 1 for that loan term.

This means I don't think Lending Stream should have provided Loan 1 to Mr H.

Mr H has told us he's content with the outcome on Loans 2 to 4 and so I say no more about them.

Putting things right

Loan 1 has been paid off. So Lending Stream needs to refund to Mr H the interest and charges incurred by Mr H at Loan 1 plus an 8% simple interest per year until the date of settlement sum added on top (less tax)*.

Lending Stream needs to arrange to remove any adverse information recorded on Mr H's credit file in relation to loan 1.

*HMRC usually requires Lending Stream to take off tax from this interest. It should give Mr H a certificate showing how much tax has been deducted, if he asks for one.

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

My final decision

My final decision is that I'm upholding this complaint in part and Gain Credit LLC trading as Lending Stream must put things as I've set out above.

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

Rachael Williams
Ombudsman