

The complaint

Mr T 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 then it would’ve seen Mr T was stuck in a cycle of borrowing.

What happened

A summary of Mr T’s borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£250	27/01/2021	25/05/2021	6	£83.52
2	£100	09/03/2021	25/05/2021	6	£31.64
3	£100	15/03/2021	25/05/2021	6	£30.36
break in lending					
4	£560	29/12/2021	31/03/2023	6	£189.08
break in lending					
5	£400	15/01/2025	21/02/2025	6	£145.34

The ‘*largest repayment per loan*’ column is the cost per loan, where loans overlapped the cost would be greater. For example, when loans 1 – 3 were running concurrently Mr T was due to pay Lending Stream £145.52 per month.

Following Mr T’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr T then referred the complaint to the Financial Ombudsman where the case was considered by an Investigator. They said the checks carried out by Lending Stream were proportionate and showed Mr T would be in a position to afford his repayments. Mr T didn’t agree, saying in summary.

- He had problems repaying loans 1 to 4.
- Had Lending Stream looked at Mr T’s bank statements it would’ve seen he was using his overdraft and gambling with cryptocurrency.

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 T 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 T'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 T. These factors include:

- Mr T 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 T 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 T 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 T. The Investigator didn't think this applied in Mr T's circumstances and I would agree, taking account of the amounts Mr T was lent over several lending chains.

Lending Stream was required to establish whether Mr T 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 T 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 T's complaint.

Loans 1 – 3

Lending Stream carried out the same sort of checks before each of these loans was granted. It firstly asked Mr T for details of his income and Mr T declared he earned around £1,300 per month for all of these loans.

Lending Stream has said in the final response letter that, if required it would've used a third-party company to cross check the income. I can see from the information provided it didn't make any adjustments to the income figures for its affordability assessment for these loans.

This either means, that Lending Stream carried out the check and was satisfied Mr T's income was accurate or no check was carried out. Having thought about the regulations, I'm satisfied that if no income check was carried out still that would be proportionate to the circumstances. Given the information Lending Stream did obtain about his outgoings and the credit search – this was commensurate for the value of the loans provided and meant Lending Stream didn't need to verify the income – beyond what it may have done.

Lending Stream cross checked what Mr T declared about his outgoings using information from statistics 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 these further checks, Lending Stream believed that Mr T had at least £440 per month in disposable income – but all of the loans looked affordable taking account of the income and outgoings.

Lending Stream also carried out credit searches, it and has provided a summary spreadsheet of the results it received from the credit reference agency. Having looked at these, I don't think they would have led to Lending Stream to carrying out further checks and I say this considering there were no defaults or missed payments reported so it would've been reasonable to conclude that he was on top of managing his existing payments.

I've also considered that Mr T had by the end of this chain 3 loans running concurrently but I'm not persuaded the pattern was sufficient to show he was reliant on the lending bearing in mind the modest monthly repayments Mr T had.

Based on what Lending Stream has told us, Mr T did ask for payment deferrals on these loans for two months – but as that happened after all of the loans had been approved, I can't say it ought to have known about them and therefore have impacted its decision to lend.

Taking account of what Mr T declared, the results of Lending Stream's checks and thinking about the total amount Mr T needed to make the repayments, I'm satisfied the checks it carried out before providing these loans were proportionate and showed the loans were affordable.

It therefore follows that Lending Stream's checks didn't need to go further such as requesting bank statements – in the circumstances I think that would've been a too detailed check and not proportionate. Taking everything into account, I am not upholding Mr T's complaint about these loans.

Loan 4

Mr T repaid the previous lending chain and then didn't return for further borrowing from Lending Stream for a period of 7 months. In my view that is a significant enough gap to break the lending chain and so it was reasonable for Mr T to be treated as if he was a new customer.

So, although this was his fourth loan, Lending Stream could've treated him as if this was the first loan of a new chain and this does have implications for the level of checks it would be reasonable and proportionate for Lending Stream to have carried out.

Any while, I can see that Mr T took advantage of a payment deferrals before settling all three loans. The regulator allows up to two deferrals so although deferring payments may be a sign that Mr T couldn't afford his repayments the fact after the deferral was made the loans were settled hasn't led me to think that the manner in which he repaid the previous loans ought to have led to further checks being conducted.

Mr T declared to Lending Stream his income was around £1,300 per month. He also declared monthly outgoings of no more than £450 per month – which included existing credit commitments.

It's not clear whether Lending Stream did or didn't cross check his income, but given this was a first loan of a new chain I think it was reasonable to have relied on what Mr T had declared. But it did use statistics to cross check what he had declared out his expenditure – and for the affordability assessment for this loan it used a figure a monthly of £1,034. Yet the loan still looked affordable.

As before Lending Stream carried out a credit search and the results still showed no defaults or missed payments. It was told his existing credit commitments were around £310 per month and it's that figure that was used for the assessment. So, I'm satisfied Lending Stream took notice of the information it was provided with.

There was no adverse payment information in the credit search results and the other information Lending Stream received and used indicated that Mr T could afford the loan payments. For a first loan of a new chain, I'm satisfied this check was proportionate and I wouldn't have expected it to have done any more.

Taking everything into account, I am not upholding Mr T's complaint about this loan.

Loan 5

There was another break in borrowing between Mr T repaying loan 4 and taking this loan.

I have considered that it took Mr T longer to repay loan 4 than Lending Stream expected and was only able to do so through a repayment plan. But I also can't ignore it had been almost two years since the loan had been closed and so I think that was enough time to have passed to have treated Mr T's application afresh. So like loan 4, this became the first loan in a new lending chain and I've kept that in mind when thinking about the checks Lending Stream carried out.

Lending Stream was told Mr T earned £1,600 per month. But Lending Stream didn't just accept what it was told. It used a third-party company to cross check this income and it then decreased Mr T's income – for the purpose of the affordability assessment it used a figure of £1,514. It was reasonable, for Lending Stream to react to the information it was given about the income, and correct to use the smaller of the two figures it had been provided with.

Lending Stream gathered and then cross-checked Mr T's outgoings, it increased what it was told but still with outgoings of £1,146 Mr T had sufficient disposable income to be able to afford the repayment towards this loan.

The credit checks conducted didn't suggest that Mr T was having or likely having financial difficulties there were again no defaults or missed payments recorded and his existing commitments didn't exceed £170 per month across the 10 active accounts he had. Based on the checks that Lending Stream did do, the loans appeared affordable.

For a first loan of a new chain, the monthly cost to service the credit I'm satisfied the checks were proportionate and Lending Stream was entirely reasonable in relying on the declarations given to it by Mr T as well as the cross checking that it carried out. There were no reasons for Lending Stream to have reviewed Mr T's finances any closer – as such there wouldn't have been a need to check his bank statements. Doing so, in my view would've been disproportionate.

I do not uphold Mr T's complaint about this loan.

I've also considered 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 T 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 given above, I'm not upholding Mr T's complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 9 March 2026.

Robert Walker
Ombudsman