

The complaint

Mr G 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 G’s borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£180	14/10/2022	sold	6	£55.10
2	£200	02/11/2022	sold	6	£65.93
3	£200	21/11/2022	sold	6	£70.76

Due to repayment difficulties, Lending Stream sold the outstanding balances to a third party in February 2024.

The ‘*largest payment 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 G was due to pay Lending Stream £191.79.

Following Mr G’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr G referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who also didn’t uphold it. Mr G disagreed and I’ve summarised his responses below.

- The loans were approved while Mr G’s credit file showed defaults, delinquent accounts and ongoing borrowing. This should’ve led to further checks.
- Had bank statements been collected it would’ve shown Mr G was gambling.
- Bank statements also showed other signs of financial distress including frequent borrowing and evidence of persistent debt.
- These loans were granted in quick succession – with no break in borrowing.
- All of the loans have been reported as being in default which is impacting Mr G’s ability to obtain credit.

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.

Mr G initially said in his complaint that it wasn't him that took these loans out and he provided details of whom he believed applied for them. Now, Mr G has accepted responsibility for this lending and I have considered the complaint on the basis that these loans were taken out by Mr G.

Lending Stream had to assess the lending to check if Mr G 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 G'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 G. These factors include:

- Mr G 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 G 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 G 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 G. The Investigator didn't believe this applied to Mr G's complaint and I agree given the number of loans and the amounts lent.

Lending Stream was required to establish whether Mr G 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 G 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 G's complaint. For these loans Lending Stream carried out the same sort of checks, which having carefully thought about everything I've decided they were proportionate and demonstrated that Mr G would likely be able to afford his loan repayments. I've explained why below.

Mr G declared monthly income of around £2,900 for each loan. Lending Stream didn't just accept what it was told by Mr G. For loans 1 and 3, it used a tool provided by a third party to cross check what it was told. I can see from the information provided Lending Stream decreased Mr G's income to £1,200 per month for loan 1 and to £1,522 per month for loan 3.

Turning to loan 2, Lending Stream has explained that it used open banking checks to review the income only. I asked Lending Stream about this, and it has explained the process was fully digitised and at no point did Lending Stream see or review the transactional data visible in the statements. This was done purely to check Mr G's income.

I can see Lending Stream used a monthly income of £2,900. Part of the application process involved Mr G giving details to Lending Stream about a current account where the loan funds

were to be paid into. Mr G has also provided copy statements from that account – which are in his name.

Having looked at these statements, I can see a number of deposits into the account each month and while Lending Stream checked Mr G's income may have been larger than what he declared, it still went with the amount declared by Mr G. As such the open banking check would've reassured Lending Stream that the figures provided by Mr G was accurate and was a proportionate check.

While Lending Stream for loan 2 only accepted Mr G's income check following an open banking check, I think it likely that had Lending Stream checked Mr G's income – in the same way for loans 1 and 3 it would've led it to the same conclusions – that what Mr G had enough income to be able to afford the repayments for these loans.

For the outgoings, Lending Stream says it crossed checked what Mr G had declared by looking at 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. It also used the credit search results (which I'll come on to below) to cross check what Mr G declared out his credit commitments. But even with the adjustments, the combined monthly repayment for all loans appeared affordable.

Lending Stream also carried out credit searches, and it has provided the Financial Ombudsman with 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.

So, 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 G's application. Looking at the results Lending Stream was provided with they were almost identical – which isn't too surprising given the loans were advanced fairly close together.

Lending Stream was told that Mr G had 9 active accounts – owing around £6,500 for each loan and this was costing him no more than £250 per month to service and repay.

The credit reports all show that Mr G had defaulted on 11 accounts but the most recent one had been reported on his credit file 16 months before loan 1 was advanced. Most of the defaults had been reported between 2017 and 2020. And no new defaults were reported when loans 2 and 3 were checked. Mr G has said the number of defaults ought to have been of a concern to Lending Stream but I disagree.

Due to the amount of time that has passed since the defaults, some had been repaid and considering the marketplace that Lending Stream operates in, I do think in the circumstances of this complaint it could reasonably have considered those historic and not a reflection that at the time these loans were approved of any financial difficulties.

Mr G says he had a number of accounts in delinquency at the time, that wasn't reflected within the full credit search data received by Lending Stream. The credit checks didn't indicate Mr G was having or likely having current financial difficulties. I've therefore concluded that Lending Stream was entitled to have relied on the information it received along with the results of its own checks that demonstrated the loans were affordable.

Mr G has provided copy of his bank statements which do show that he was gambling at the time, and he says that had Lending Stream obtained these it wouldn't have lent. I'm sorry to

hear that Mr G was gambling, and I do hope he's received any help and support which he may need.

For me to be able to uphold the complaint for this reason, I would have to be satisfied that either Lending Stream was told about the gambling or would've likely known about it by carrying out a proportionate check.

I'm satisfied Lending Stream didn't know about Mr G's gambling, but I also don't think it had yet reached the point where Lending Stream needed to start verifying the information Mr G was giving it. As such, it wouldn't have asked for or received his bank statements and in the circumstances its only through the bank statements that the gambling would've likely been discovered. Taking account of the circumstances of the complaint, it would've been disproportionate for Lending Stream to have gathered Mr G's bank statements and to have reviewed each transaction.

Mr G has said one of the reasons his Lending Stream loans ought to not have lent is that they were taken in quick succession and were overlapping. There isn't anything within the regulations that says a lender can only lend one loan at the time. And looking at the total capital lent as well as the combined monthly repayment Mr G was due to make, I don't think that was significant enough to have caused Lending Stream any concerns.

In addition, he has been able to provide copy statement of accounts for each loan and from that I can see that he had made the contracted payments as was expected of him up until March 2023, so there wasn't anything in the repayment history which would've suggested these loans were unsustainable.

Overall, taking everything into account, I'm satisfied that the checks were proportionate and as that is what Lending Stream was required to do – it therefore follows that I do not uphold the complaint.

Based on the most up to date information I've been provided, an outstanding balance remains due, so Mr G – if it hasn't already done so he may wish to speak to the new debt owner to see what help and support it can offer – if needed in order to repay the outstanding balance.

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 G 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 G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 May 2026.

Robert Walker
Ombudsman