

The complaint

Ms B complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave her loans without carrying out sufficient affordability checks. Had better checks been made than Lending Stream would’ve discovered Ms B was using her overdraft and taking out other loans to meet her existing payments.

What happened

A summary of Ms B’s borrowing can be found below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£270	27/07/2022	13/01/2023	6	£69
2	£300	19/08/2022	20/02/2023	6	£96.26
3	£390	30/10/2022	14/04/2023	6	£118.35
4	£220	02/05/2023	17/07/2023	6	£80.13
5	£330	05/05/2023	02/11/2023	6	£118.08
break in lending					
6	£850	02/06/2024	02/09/2024	6	£308.64
7	£650	27/07/2024	11/11/2024	6	£201.95
8	£330	16/09/2024	11/11/2024	6	£109.62
9	£450	06/10/2024	27/11/2024	6	£159.36
10	£340	25/11/2024	13/06/2025	6	£105.85

The ‘*largest repayment per loan*’ column is the cost per loan – where loans overlapped the cost would be greater. For example, when loans 7, 8 and 9 were running Ms B’s cost per month to Lending Stream was £470.93.

Following Ms B’s complaint Lending Stream wrote to her to explain why it wasn’t going to uphold it. Ms B referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who in their latest assessment partly upheld the complaint about loans 4, 5, 9 and 10.

Ms B in response to the latest assessment agreed with it to bring this matter to a close, but she did ask the Investigator whether all of the loans would be considered by the Ombudsman.

Lending Stream agreed to put things right for loans 4 and 5 only but it didn’t agree with the outcome in relation to loans 9 and 10. It said that:

- By loan 9 Ms B had a ‘strong’ repayment history and there were no defaults recorded on her credit file.
- Lending Stream calculated that after the loan payments Ms B still had a surplus of funds – even though these were based on uplifted estimates and statistical data. And the regulator doesn’t state what surplus – if any, is required.

- There were no indicators of any financial distress from the checks Lending Stream did.

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 Ms B could afford to pay back the amounts she'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 Ms B'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 Ms B. These factors include:

- Ms B 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);
- Ms B 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);
- Ms B 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 Ms B. The Investigator said this wasn't relevant in Ms B's complaint and I agree given the number of loans, amounts borrowed and the break in borrowing.

Lending Stream was required to establish whether Ms B could *sustainably* repay the loans – not just whether she technically had enough money to make her repayments. Having enough money to make the repayments could of course be an indicator that Ms B was able to repay her 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 Ms B's complaint.

Ms B has provided the Financial Ombudsman with information about her mental health and the impact that these loans have had on it. I'm sorry to have read about this and I do hope Ms B's health has improved. I've considered this but when Lending Stream was granting these loans it doesn't appear to have been aware of Ms B's health as such it wouldn't have known about it and so couldn't take on board when considering the applications.

Ms B has also said that she's unhappy about the number of emails she received from Lending Stream which encouraged her to take out loans. However, this wasn't raised with Lending Stream when the initial complaint was made – and as such this is a new issue. If Ms B is unhappy with Lending Stream's actions she first needs to raise these concerns with it in order to give it an opportunity to investigate what has happened. This decision, will only focus on Lending Stream's decision to provide the loans to Ms B.

Loan 1 – 3

The Investigator didn't uphold the complaint about these three loans and Lending Stream agreed with the assessment. While Ms B also agreed, I can see the Investigator let Ms B know that the Ombudsman would consider all the loans. I have therefore considered what happened when Lending Stream advanced these loans.

Ms B declared to Lending Stream her income was around £1,640 per month and she also declared monthly outgoings of no more than £1,060 per month – which included existing credit commitments.

However, Lending Stream didn't just rely on what it was told by Ms B. Lending Stream says it used a third-party income checking tool provided by a credit reference agency. The results of which supported Ms B's declaration. For the first loans in this lending chain this check was proportionate.

For the outgoings, Lending Stream says it looked at available statistics that relate to the general population and it considered how much people typically spend. It also carried out a credit search to find out about Ms B's existing commitments. Given these were the first loans in this lending chain, the use of statistical data and a credit search was reasonable.

Having carried out this further check, Lending Stream increased Ms B's outgoings to no more than £1,633 per month. Even with this increase this still left enough disposable income to afford the loan payments.

Lending Stream also carried out a credit search, and it has provided the results it received. Lending Stream was also entitled to rely on the information it was given by the credit reference agency. 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 Ms B's application.

Firstly, the results did show adverse credit file data – there were eight recorded defaults, but the most recent one had been added to Ms B's credit file around 18 months before loan 1. I've thought about whether this adverse information ought to have prompted further checks. And I don't think it would've done.

I say this bearing in mind this was these were the first loans and the marketplace that Lending Stream operates in means that it's not unusual for there to be some adverse payment information. The information didn't suggest Ms B was having financial difficulties to the extent that she couldn't afford the monthly payments towards this loan.

There also wasn't anything in the information that Lending Stream obtained that would've led it to conclude it needed to have carried out further checks. In my view, Lending Stream carried out proportionate checks which demonstrated to it that Ms B would likely be in a position to afford to take on these loans. I am therefore not upholding his complaint.

Taking everything into account, I am not upholding Ms B's complaint about these loans.

Loans 4 and 5

The Investigator upheld Ms B's complaint about these loans and neither Ms B nor Lending Stream appear to disagree with this. I've, therefore, not looked at these loans any further as they are no longer in dispute, but I have put at the end of the decision what Lending Stream needs to do in order to put things right for her.

Loan 6

Ms B repaid loan 5 and then didn't return for further borrowing from Lending Stream for a period of seven months. In my view that is a significant enough gap to in effect break the lending chain and so it was reasonable for Ms B to be treated as if she was a new customer.

So, although this was her sixth loan, Lending Stream could've treated her as if this was the first loan in a new chain of borrowing and this does have implications for the level of checks it was reasonable and proportionate for Lending Stream to have carried out.

The checks for this loan echoed those that Lending Stream carried out for the previous loans Ms B had taken. She had a checked declared income of £1,950 per month. And following Ms B providing details of her expenditure and Lending Stream cross checking it – which I think were reasonable – she had £689 of disposable income to afford the repayments for this loan which were £308 per month.

A credit search was carried out which showed Ms B had fairly low levels of existing debt at just over £2,000 and therefore her payments to this debt were fairly modest. There wasn't anything solely from the credit search that would've prompted further checks.

This was the first loan of a new chain and so the checks Lending Stream carried out were proportionate and demonstrated that Ms B would likely be in a position to afford the repayments for this loan. Lending Stream's checks didn't need to extend beyond what it did.

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

Loans 7 – 8

When loan 7 was granted, loan 6 was still outstanding but then Ms B repaid loan 6 before loans 7 and 8 were running concurrently. The largest repayment Ms B was due to make to Lending Stream at this time were around £510 per month.

While some of the loans overlapped that wouldn't be enough, on its own to uphold the complaint bearing in mind these were the second and third loan of a new lending chain and I don't think it had reached the point where Lending Stream would've concluded the way Ms B was borrowing was problematic.

Lending Stream carried out the same checks before these loans as it had done so for the previous loans. I won't repeat all the information here, but looking at what Ms B declared and the checks carried out Lending Stream was on notice that these loans were just about affordable for Ms B.

The credit checks also didn't highlight any significant concerns about the number of active accounts; total debts or any other significant repayment difficulties Ms B had. As such, while I appreciate Ms B will be disappointed by the outcome, I do think Lending Stream carried out proportionate checks which showed these loans were affordable.

I am not upholding Ms B's complaint about these loans.

Loans 9 – 10

The Investigator upheld these loans because in their view the wasn't sufficient disposable income after the repayments to cover any other costs that she may have had.

For both of these loans Lending Stream used Ms B's declared income of £1,950 per month. And after checking her declared outgoings – including her existing credit commitments Ms B had outgoings of £1,702 of outgoings for loan 9 and £1,776 of outgoings when loan 10 was granted.

Lending Stream says that it used a cautious approach when working out her outgoings – and looking at what it provided it made minimal adjustments to Ms B's declared living costs – so Lending Stream accepted that her living costs (excluding credit commitments) were broadly accurate.

But it did have to make significant adjustments to her existing credit commitments. For example, when loan 10 was granted Ms B declared her credit commitments were £125 per month but the credit checks showed these costs were likely to be closer to £602. And on top of that Ms B was adding a further monthly payment of £105.

So, when loan 10 was granted, Ms B was committing to spending at least £710 per month solely on credit commitments each month – or around 40% of her income each month before paying any other living costs which she had. Of course, that also assumes that Lending Stream's credit commitments figure included the existing payments for loan 9.

The Investigator said, that after the loan payments the amount of disposable income wasn't sufficient – for loan 9 Ms B was left with around £97 per month and £68 per month when loan 10 was granted.

Lending Stream is quite right to point out that the regulations don't indicate how much should be left over after loan payments are considered. But in the circumstances of this complaint, I'm not persuaded that the amounts left over were sufficient to say that Ms B would be in a position to repay her loans in a sustainable manner bearing in mind that these loans were to be repaid over a six-month period.

When thinking about whether the amount left was sustainable, I've considered the number of loans, the percentage of Ms B's income needed to service all her existing commitments and the fact that loan 10 was granted only two-weeks safter loans 7 and 8 had been repaid.

The credit check shows that in the month before loan 9 was granted, Ms B had one account entered into arrears. So, Ms B was returning for further borrowing not long after she had repaid two loans, she already had what I think is fair to say significantly monthly credit commitments given her income and she was further extending her borrowing by at least 10 months and was showing signs that perhaps she was experiencing difficulties given an account had entered into arrears.

Taking all of these factors together, I don't think the amount of disposable income was sufficient for Lending Stream to be believe Ms B was in a position to take on further borrowing in a sustainable manner. As such, I am therefore upholding the complaint about these loans.

Lending Stream is quite right to say that there isn't anything in the regulations that says a certain amount of money needs to be left over at the end of each month in order to have granted the loans.

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

Putting things right

Lending Stream shouldn't have provided loans 4, 5, 9 and 10.

- A. Lending Stream should add together the total of the repayments made by Ms B towards interest, fees and charges on these loans.
- B. It should calculate 8% simple interest* on the individual payments made by Ms B which were considered as part of "A", calculated from the date Ms B originally made the payments, to the date the complaint is settled.
- C. Pay Ms B the total of "A" plus "B".
- D. Remove any adverse information it has recorded on Ms B's credit file in relation to loans 4, 5, 9 and 10.

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

My final decision

For the reasons given above, I'm upholding Ms B's complaint in part.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 19 March 2026.

Robert Walker
Ombudsman