

The complaint

Mr K 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 he was already in financial difficulties.

What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£250	24/10/2021	sold	6	£87.41
break in borrowing					
2	£200	28/05/2025	outstanding	6	£64.17

Following Mr K’s complaint, Lending Stream explained why it would be partly upholding it. Lending Stream accepted it ought to not have granted loan 2, and so it offered to remove the interest fees and charges and asked Mr K to just repay the capital he borrowed - £200. It said it would also update Mr K’s credit file to remove any adverse information. But Lending Stream didn’t uphold the complaint about loan 1.

Mr K then referred the complaint to the Financial, Ombudsman where it was considered by an Investigator. The Investigator didn’t fully review loan 2, because Lending Stream had already upheld it, but she also didn’t think Lending Stream had made an error when it approved loan 1.

Mr K disagreed with the outcome, and I’ve summarised his comments which were made across a number of emails.

- The income used for the first loan wasn’t representative of Mr K’s actual income and as a result the amount of disposable income Lending Stream calculated was incorrect.
- At the time Mr K had mental health trouble – he’s provided more details in response to the assessment, but I won’t repeat them all here. But he does say that his emotional state impacted his decision making and he should’ve been treated differently under CONC 2.10.
- Lending Stream needed to act when showing signs of distress or repeat borrowing.
- Mr K took the first loan to cover outstanding bills.
- Mr K’s situation had drastically changed by the second loan which made him more vulnerable – and the automated checks by Lending Stream couldn’t have picked these up.
- Lending Stream needed to conduct deeper checks before lending which ought to have included asking to see bank statements.
- The Investigator incorrectly concluded the checks were proportionate.

- Mr K has been pressured to repay the debt while it is with Financial Ombudsman which is contrary to CONC 7.9.10.

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 K 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 K'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 K. These factors include:

- Mr K 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 K 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 K 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 K. This doesn't apply to Mr K's complaint considering the loan value and the break in borrowing between loans 1 and 2.

Lending Stream was required to establish whether Mr K 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 K was able to repay the 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 K's complaint.

Mr K has provided details of his vulnerabilities at the time of loan 1 and how they had deteriorated and changed by the time loan 2 was granted. I won't go into any more detail about them here to protect Mr K's privacy but I have considered what he's said. But it is clear to me that Mr K was vulnerable at the time the loans were granted, and he's also said that due to his situation it impacted his decision making and he referenced CONC 2.10.

I'm familiar with CONC 2.10 but briefly this section of CONC deals with vulnerable

consumers who may not have capacity to make decisions. In addition, the regulations make it quite clear (CONC 2.10.4) that the lender – Lending Stream in this case – should assume that Mr K had the ability to make the decision to take out the lending unless it knew, or ought reasonably to have known, that Mr K may have lacked capacity.

Having reviewed what Mr K declared to Lending Stream, the checks it carried out and the results of those checks, I don't think Lending Stream would've, or could be expected to have known, about Mr K's vulnerabilities / and or that he lacked capacity until he made his complaint – which was after the loans had been granted.

I'm sorry to hear what Mr K has been through and I do hope he's receiving help and support, but purely for the purposes of this complaint, I don't think Lending Stream made a mistake in granting the loans or not being aware that he was vulnerable at the time.

I'll now turn to what happened when the first loan was granted.

Loan 1

As part of his application for the loan, Mr K declared to Lending Stream he earned £1,900 per month and he also declared monthly outgoings of no more than £697 per month – which included his existing credit commitments.

However, Lending Stream says if needed it would've checked this with an independent company. It isn't clear from the information provided whether this did or didn't but in my view it doesn't make any difference either way.

If Lending Stream did cross check the income – it didn't make any deductions and so for the affordability assessment it went with the figure declared by Mr K. Or it didn't make any further checks – but I still don't think that would've been wrong bearing in mind that this was a first loan and the amount lent was modest.

For the outgoings, Lending Stream says it looked at statistics that relate to the general population, and it considered how much people typically spend with their income. Having carried out this further check, Lending Stream made an adjustment to Mr K's monthly outgoings – taking them up to £1,083. But even with this increased outgoings figure, Mr K still had sufficient disposable income to afford the repayment.

I've taken on board that Mr K says the amount of disposable income calculated by Lending Stream wasn't accurate. But for a first loan it was entitled to rely on what Mr K had declared coupled with the results of its own checks. As such, there wasn't anything with what it saw that would've prompted further investigation.

Lending Stream also carried out a credit search, and it has provided the Financial Ombudsman with a summary spreadsheet of the results it received from the credit reference agency. Lending Stream was also entitled to rely on the information it was given by the credit reference agency, and these could differ from the information Mr K may be able to see in his own credit report. But that isn't a reason to uphold the complaint.

At the time Lending Stream knew that Mr K had 9 active credit accounts with total outstanding balances of just under £600 – which wasn't a great deal. Lending Stream did know that in total Mr K had defaulted on four accounts, but the most recent default had been applied 20 months before the loan application.

Given the purpose of these sorts of loans and the amount of time that had passed since the default I think Lending Stream was entitled to place less weight on them as an indication that Mr K was at the time of the application experiencing financial difficulties.

There also wasn't anything solely from the credit checks that would've indicated Mr K was having financial difficulties or wouldn't have been able to afford his repayments.

Overall, I'm satisfied the checks Lending Stream conducted were proportionate and commensurate to the amount of money it lent. I also don't think it had reached the stage either with the number or value of loans that would've led to Lending Stream reviewing Mr K's circumstances more closely. In my view – a deeper review of his finances would've been disproportionate at this time.

I therefore do not uphold the complaint about this loan.

Loan 2

Lending Stream has already accepted that this loan ought not to have been granted to Mr K. And it has made an offer to put things right for him which, is in line with what the Financial Ombudsman Service would do if this loan had been looked at and upheld.

In short, Lending Stream has agreed to remove all the interest, fees and charges from the balance so that Mr K only has to repay the capital that he borrowed. And the starting position of any compensation payment that may be made is that the Financial Ombudsman considers it reasonable that the capital sum lent should be repaid. So, I think what Lending Stream are asking Mr K to do is fair and reasonable.

Lending Stream, in relation to the credit file said it would - *“contact the credit reference agencies to update your credit file...”* and *“we’ll ask them to remove any adverse information on your credit file for loan 2, if applicable. The record of the loan being made will still appear on your file.”*

Again, the approach that Lending Stream offered to take here is in line with the approach the Financial Ombudsman would take – had the complaint been upheld by us. So, in my view, Lending Stream's offer to put things right for Mr K is fair and reasonable in the circumstances of the complaint.

Mr K has questioned why Lending Stream is still chasing him for payment despite his complaint being with the Financial Ombudsman Service – he says this is contrary to CONC 7.9.10. I've looked at the section of CONC that Mr K has highlighted but this section is about disclosure of information. So, I don't think it quite fits with showing that there is a regulatory requirement for Lending Stream to stop collection activities.

However, CONC 7 is the correct part of the regulations that a lender must adhere to when dealing with a consumer who is in arrears with a debt – so of this course this section is relevant to Mr K at the moment. But I'm sorry to disappoint Mr K but there is no requirement within the regulations for a lender to cease collection activity once the complaint is referred to the Financial Ombudsman. Some lenders do take the decision to cease collection but there isn't a regulatory requirement to do so, and it isn't something the Financial Ombudsman can force upon a lender.

In this case, I can see the Investigator made a request to Lending Stream to suspend collection activity and Lending Stream agreed to do this but then said after the break, interest would be added again – which for a loan that it has upheld and agreed to collect no

more than the capital leads me to believe the compensation it proposed in the final response letter may not yet have been enacted.

Therefore, Mr K will now need to work with Lending Stream to repay the balance. But I'm also satisfied that Lending Stream is fully aware of Mr K's vulnerabilities and so these will need to be considered as part of any repayment plan – if it is needed. I would also remind Lending Stream of its obligation to treat Mr K fairly and with forbearance.

I've also considered whether Lending Stream acted unfairly or unreasonably in any other way I've also thought about 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 K or otherwise treated him unfairly in relation to Loan 1 in 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.

Although, I've not upheld the complaint about loan 1, Lending Stream has nonetheless made an offer to resolve the complaint for loan 2. Lending Stream has issued Mr K a tax certificate so that would indicate to me that it has already undertaken what it said it would do to put things right for Mr K. But if it hasn't than as agreed it should take the steps that it set out in the final response letter.

Putting things right

If Lending Stream hasn't already done so, then it should put things right for Mr K as it described in the final response letter of 8 September 2025.

My final decision

Gain Credit LLC trading as Lending Stream has already made an offer to settle loan 2 and I think this offer is fair in all the circumstances.

So, my decision is that Gain Credit LLC trading as Lending Stream should pay this offer, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 March 2026.

Robert Walker
Ombudsman