

The complaint

Mr H 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 H’s borrowing can be found in the table below.

loan number	loan amount	agreement date	repayment date	number of monthly instalments	Largest repayment per loan
1	£400	04/08/2024	31/01/2025	6	£130.72
2	£350	07/09/2024	26/02/2025	6	£111.71
3	£800	09/02/2025	outstanding	6	£247.69
4	£740	04/03/2025	outstanding	6	£239.36

The largest repayment per loan column is the cost per loan, where loans overlapped the cost would be greater. For example, when loans 3 and 4 were running concurrently Mr H was due to pay Lending Stream £487.05 a month.

Mr H had had problems repaying the final two loans and these were passed to a debt collection agency in August 2025.

Following Mr H’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr H referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who didn’t think the complaint ought to be upheld.

The complaint was then passed to me, and I issued a provisional decision explaining the reasons why I was intending to uphold Mr H’s complaint in part. Both parties were told that further submissions needed to have been received by 9 February 2026.

We didn’t hear from Mr H, but Lending Stream responded to say that it agreed with the findings of the provisional decision.

An extract of the provisional findings follows this in smaller font and forms part of this final decision.

What I said in my provisional decision:

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 H 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 H'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 H. These factors include:

- *Mr H 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 H 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 H 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 H. The Investigator didn't believe this applied to Mr H's complaint and I agree.

Lending Stream was required to establish whether Mr H 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 H was able to repay his loans sustainably. But it doesn't automatically follow that this is the case.

Mr H has provided copies of assessments issued by Investigator's at the Financial Ombudsman who have said that other lending with other lenders from around the same time was not affordable for him. So, I think the inference Mr H is drawing is that because these complaints have been upheld for unaffordable lending that it therefore follows this complaint should also be upheld.

But my role is to consider the individual circumstances of the complaint taking account of any relevant law and regulation. What that does mean is that there are times when what appear to be similar circumstances can lead to different outcomes depending on the type and nature of the borrowing and the types of check(s) any lender may have carried out and what those checks show.

In short, another assessment doesn't set a precedent that I'm bound to follow. I'm satisfied in this case, I've fully considered the information Mr H gave to Lending Stream as well as the checks it conducted, what those checks showed.

I also understand that Mr H was unhappy that while the Financial Ombudsman was waiting to consider his complaint Lending Stream took the decision to pass the outstanding balances to a third-party collection agency.

I've considered this but there isn't anything which prevents a lender from continuing to collect a loan balance once the complaint is here. Some lenders do take the approach that they would rather wait and see what the outcome of the complaint might be but there isn't anything inherently wrong with a lender asking for payment towards a debt once the complaint has been referred here. I do not uphold Mr H's complaint about this.

Loans 1 – 3

Lending Stream carried out the same sort of checks before each of these loans were granted and given the information Mr H provided and what Lending Stream found out from its own checks the loans looked to be affordable. The checks for these loans were proportionate and so I've explained why below I've not upheld Mr H's complaint about them.

As part of his application for these loans, Mr H declared a broadly similar income of between £1,900 to £2,000 per month. He also declared monthly outgoings of no more than £600 per month – which included existing credit commitments.

The information isn't entirely clear whether Lending Stream did make any attempt to cross check Mr H's income. But if no checks were made, I wouldn't have said that was unreasonable given these were the first loans in the lending chain.

For the outgoings, Lending Stream says it looked at other information such as available 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 this further check, Lending Stream made adjustments to each loan application by adding further amounts to cover his living costs as well as what the credit file showed it that perhaps Mr H's credit commitments were greater than he declared. This took his regularly living expenses up to a maximum of £1,528 per month – when loan 3 was granted.

Before each loan was approved 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. 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.

What this means is that Lending Stream may only have asked for specific information such as total outstanding debt and may not have had a full insight into what sort of credit accounts Mr H had outstanding.

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 H's application.

Firstly, the results didn't show any adverse credit file data – there were no defaults or missed payments, indicating Mr H was maintaining his repayments to his existing creditors without any obvious sign of difficulties.

For these loans, Lending Stream was told that Mr H had no more than 14 active credit accounts (some of which may have been previous Lending Stream loans given the close proximity of the applications) and he owed no more than around £4,397 to other creditors. But given the results I've been given it's not clear that Lending Stream was aware of the individual breakdown of those loans.

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

Loan 4

Lending Stream carried out the same sort of checks before this loan as it had done and what I've set out above for loans 1 - 3. The checks Lending Stream carried out showed it that Mr H had sufficient disposable income to be able to afford this repayment.

However, I've thought about the fact that by this loan Mr H's monthly repayments to Lending Stream would be £500 per month – each month for up to the next six months – which was around a quarter of Mr H's income before any other expenditure was considered. In addition, Mr H had already been borrowing from Lending Stream for six months and he was extending his borrowing for at least a further six months.

In the circumstances, I think Lending Stream needed to do more in order to get an idea of what Mr H's actual day to day living costs were likely to be – as I don't think it was right to have relied on what he was told and then used national statistics given his pattern of borrowing and what else it knew.

Lending Stream could've gone about carrying out further checks a number of ways, it could've asked more it could've obtained copy bills, pay slips, other necessary documentation or it could've asked to see Mr H's bank statements. To be clear Lending Stream didn't have to obtain bank statements but

as these have been made available to the Financial Ombudsman they are the most convenient way of seeing what Mr H's actual outgoings were.

I accept had Lending Stream conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of Lending Stream conducting a proportionate check I do think it's entirely fair and reasonable to consider the bank statements that I now have access to.

Had Lending Stream taken a closer look at Mr H's income then it would've seen that what he declared was broadly accurate. However, the bank statements showed that Mr H had even more monthly credit commitments than Lending Stream calculated – by the time of the loan application – Mr H already owed other lenders over £1,000 and these payments were to payday loan companies and it seems Mr H had at least seven such loans outstanding when the final loan was granted.

On top of this, there were significant monthly payments to another account that was clearly in Mr H's name – in February 2025 alone this came to around £1,000 per month – that account showed significant gambling transactions.

So had Lending Stream conducted a proportionate check, which it was required to do it would've seen that with the Lending Stream loan payments Mr H's credit commitments along were close to three quarters of his living costs and on top of this Mr H was also gambling significant amounts each month.

All of this together means the final loan was neither affordable nor sustainable and I've set out below what Lending Stream needs to do to put things right.

Taking everything into account, I am upholding Mr H's complaint about loan 4 only.

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.

As Lending Stream has accepted the findings of the provisional decision – which included upholding loan 4 and as we've not heard from Mr H I see no reason to depart from the findings I made in the provisional decision.

For the same reasons as set out above, by loan 4 Lending Stream ought to have been carrying further checks and had it done so it would've seen the loan wasn't affordable or sustainable for Mr H.

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 Mr H in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

I've set out below what Lending Stream needs to do and what it has agreed to do in order to put things right for Mr H.

Putting things right

I've set out below what Lending Stream needs to do in order to put things right for Mr H in relation to loan 4 only.

If Lending Stream has sold the outstanding debt, it should buy it back if it's able to do so and then take the following steps. If the debt can't be repurchased, then Lending Stream will need to liaise with the new debt owner to achieve the results outlined below.

- A. Lending Stream should remove all interest, fees and charges from the balance from loan 4, and treat any repayments made by Mr H as though they had been repayments of the principal. If this results in Mr H having made overpayments then these overpayments should be refunded along with 8% simple interest* calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled.
- B. However, if there is still an outstanding balance then Lending Stream and Mr H should try to agree an affordable repayment plan.
- C. Lending Stream should remove any adverse information recorded on Mr H's credit file in relation to loan 4.

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

My final decision

For the reasons I've explained, I'm upholding Mr H's complaint in part.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 March 2026.

Robert Walker
Ombudsman