

## **The complaint**

Miss Y complains that Gain Credit LLC trading as Lending Stream lent to her when she could not afford it and approved loans for her when she still had one outstanding.

## **What happened**

Miss Y took four loans and after the complaint had been referred to the Financial Ombudsman Service, one of our investigators looked at the evidence surrounding all four. The outcome was that our investigators considered that Loans 2 to 4 ought not to have been approved for Miss Y.

Miss Y accepted that outcome and Lending Stream accepted the outcome for Loan 4. It disagreed with the outcomes for Loans 2 and 3. Our investigator reviewed the comments and in her second view upheld Loan 4 only. Miss Y agreed with that uphold on Loan 4. She also indicated that she did not really dispute the non-uphold for Loan 2. Miss Y sent submissions as to why she thought that Loan 3 was unaffordable for her. This included :

- Lending Stream's records were that her most recent defaulted account was 61 months before her application and Miss Y says that was incorrect. She sent evidence of a defaulted communications account in 2022;
- The disposable income figure calculated by Lending Stream at Loan 3 and accepted as an uphold by our investigator was around £93. Now our investigator was saying that was not enough to justify an uphold and Miss Y disagreed;
- She took Loan 3 quickly after paying off Loan 2 earlier than scheduled; and
- The checks for Loan 3 were not proportionate, and she could not afford Loan 3.
- Miss Y had sent copies to Lending Stream (when she complained) of bank statements showing gambling transactions.

The unresolved complaint was passed to me to decide. Reading the parties' responses, the disputed loan is Loan 3 only, and so I will not review Loans 1, 2 and 4. Although their existence and the payment history is relevant.

## **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.

Lending Stream needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether any lending was sustainable for Miss Y before providing it.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. And I've used this approach to help me decide Miss Y's complaint.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had –

such as a significantly impaired credit history – suggesting the lender needed to know more about a prospective borrower's ability to repay.

Lending Stream has agreed that Loan 4 (taken 24 December 2023) ought not to have been approved for Miss Y and so the redress section at the end of this decision reflects what it needs to do (if not already carried out) at Loan 4.

I note what Miss Y has said about Loan 2 and in light of that I am reviewing Loan 3 only.

### **Loan 3**

Miss Y's application for Loan 3 was for £490 in early December 2023 having repaid both Loans 1 and Loan 2 in November 2023. Miss Y had repaid Loan 2 earlier than agreed. The repayments for Loan 3 were scheduled to be just over £155 each month for five months and a little less for the sixth instalment. Loan 3 was settled in June 2024.

Miss Y told Lending Stream that her income after tax in December 2023 was £1,850 a month, her expenditure for things like rent, food, transport and bills was £1,200 a month, and her credit commitment costs were £75 a month.

Lending Stream ran checks on all of these details, including a verification of her income, and a credit search to see what her credit commitment costs were

It made no alteration to her net income. And using the financial information sent to us by Miss Y, I checked her income. £1,850 was broadly correct for November 2023. The salary received 27 October 2023 was actually more at almost £2,200. So, if Lending Stream had asked for payslips it would have seen these figures when Miss Y applied for Loan 3. So, I am satisfied there's no issue surrounding Miss Y's income.

For her general expenditure (rent food, utilities, transport, and other things) Lending Stream used statistical data to check that the £1,200 Miss Y had declared was about right. It adjusted this up to £1,306.

For the credit check Lending Stream could see that Miss Y's overall outstanding debt was not high at £2,393, and that Miss Y was paying more than £75 a month. It increased that figure to £295 a month. Getting a credit check is not a requirement for a lender. Having got that information, it acted on it and increased the £75 figure to just over £295 a month – I consider this to be fair

Miss Y refers to what she has seen on her personal credit file and I need to explain that for a multiple of reasons which I don't set out here, what a business sees when it carries out a credit search is not necessarily the same as that provided to an individual customer when he or she applies for their own personal credit file. And having obtained a credit search from the reputable source it did, then Lending Stream was acting within the regulations to rely on that evidence.

Lending Stream's search informed it that it had been 61 months since the latest default had been applied. I double checked this as Miss Y has referred to a default in 2022 in her submissions to us. To do this, I have had a look at Miss Y's personal credit file and I have seen that Miss Y had a defaulted account with a well know TV and/or mobile phone and/or broadband provider. It's not clear which sort of account it was but that did default in January 2022. I do not know why that does not appear on the credit search Lending Stream carried out, but things appear differently depending on whether it's a business or a consumer asking. And one reason may be because it may not have related to credit. Or that particular provider only reports to one Credit Reference Agency – one not seen by Lending Stream.

But I've thought about this and even if Lending Stream had known of that 2022 default, it was almost two years before Miss Y was applying to Lending Stream for Loan 3. And so, I do not consider that Lending Stream would have acted differently, even if it had been aware of it.

Miss Y has submitted that she was paying several hundred pounds a month on 'buy now pay later' arrangement(s).

I had a look at the 'buy now pay later' accounts on her personal credit file. These do not show up on the Lending Stream credit searches and so it would not have known of these. And these are not provided by a regulated lender and that may have been a reason. So, I do not criticise Lending Stream for not knowing what it did not see having done the credit check it did.

The result of all the research was that Lending Stream calculated Miss Y would have had around £249 (rounded figure) available with which to repay Loan 3. The repayments for Loan 3 were just over £155 each month for six months. I consider that to have been enough.

The 'quick take up of loans' point raised by Miss Y I have thought about. But the three week gap does not indicate to me a particularly fast reapplication for credit. And I don't consider that Lending Stream would necessarily have had reason to refuse the Loan 3 or to have done additional checks for that reason.

Miss Y has expressed an opinion that around £93 left over as disposable income was not enough but I disagree. It's a satisfactory amount.

As Lending Stream was satisfied Miss Y could afford the loan having carried out what I consider were proportionate checks in line with the regulatory framework, then it would not have needed to have reviewed Miss Y's bank account statements. And I would not have expected it to have done that in these circumstances. So, details showing gambling transactions in some of those bank account statements for one or two of her accounts would not have been seen by Lending Stream.

#### ***Other points raised by Miss Y***

Miss Y has mentioned a series of very unfortunate events in 2022 and 2023 and the impact those had on her before this lending. I know she's raised this with Lending Stream.

Lending Stream's acknowledgement of her complaint raised in early October 2025 included these sentences:

*We assume customers can make their own money decisions unless told otherwise. In your case, we weren't informed of any mental health issues when your loans were approved.*

Miss Y said in an email dated 14 October 2025 in reply:

*I don't think it's correct as a responsible lender to just assume every customer is in the right frame of mind to make their own money decisions whether disclosed or not*

So far as this loan is concerned, there's no evidence of Lending Stream knowing, or having information which would lead it to know, about the issues of which she speaks.

So, although I appreciate Miss Y is disappointed that this has not been addressed, I think it has. There is provision in the regulatory framework surrounding responsible lending which gives guidance to regulated businesses on approaching customers. The starting point is that capacity to make a decision is assumed unless it knows, or ought to know, otherwise. And so, I think that is what Lending Stream was referring to when it acknowledged her complaint letter in October 2025 (before the final response letter).

I've considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Miss Y in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

I uphold the complaint in part.

### **Putting things right**

I understand Loan 4 (taken 24 December 2023) has been paid off by Miss Y. And so, the redress is that Lending Stream needs to refund Miss Y (unless its already done this) with the interest and charges she incurred at Loan 4 plus simple annual interest of 8%\* calculated from the date the payments were made to it by Miss Y to the date of settlement.

Miss Y's credit file needs to be amended to remove any adverse payment history for Loan 4.

\*HMRC usually expects Lending Stream to deduct tax from this interest refund and if Miss Y asks for a tax certificate it must give her one.

### **My final decision**

My final decision is that I uphold the complaint in part and I direct that Gain Credit LLC trading as Lending Stream does as I have outlined in the 'putting things right' part of the decision.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Y to accept or reject my decision before 30 March 2026.

Rachael Williams  
**Ombudsman**