

The complaint

Mr K complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave him loans without carrying out sufficient affordability checks. He says that had better checks been made than it would’ve seen he was already using his overdraft and had other outstanding loans.

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	£400	20/05/2025	outstanding	6	£136.36
2	£300	24/06/2025	outstanding	6	£99.96
3	£430	02/07/2025	outstanding	6	£135.88
4	£800	02/07/2025	outstanding	6	£252.81

The ‘largest payment per loan’ column is the cost per loan, where loans overlapped the cost would be greater. For example, when loans 1 to 4 were running concurrently Mr K was due to pay Lending Stream £625.01 per month.

Following Mr K’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr K referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who didn’t uphold it. Mr K disagreed and so the complaint was passed to me. I then issued a provisional decision explaining the reasons why I was intending to uphold Mr K’s complaint in part.

Both parties were asked for any further submissions, but these needed to have been received by 18 February 2026.

Lending Stream responded to say that while both loans 3 and 4 were applied for on the same day, as a result of different information being used for loan 4 its system treated loan 4 as if Mr K was a new customer.

But in any event, Lending Stream accepted the findings in relation to loan 4 – and set out how it would put things right for Mr K – as laid out in the provisional decision. Lending Stream explained the refund would be used to offset Mr K’s outstanding balance. We didn’t hear from Mr K.

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

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 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 K's complaint.

Loans 1 – 3

Lending Stream carried out the same sort of checks for these loans. It firstly asked Mr K for details of his employment – he declared he earned £3,300 per month for all of these loans. Lending Stream didn't just accept what it was told, it used a tool provided by a third party and adjusted Mr K's income down to £2,489 per month for loan 1 and then adjusted it down to £3,000 per month for loans 2 and 3.

Had lending Stream been concerned by the smaller income used for loan 1 then it could've had made further checks into Mr K's income for loans 2 and 3. But had further checks been made it would've seen his income was £3,000 per month which is the figure used for loans 2 and 3. For the first loans in this chain I think the checks into Mr K's income were reasonable and proportionate.

Lending Stream cross checked Mr K's declared outgoings using 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 these further checks, Lending Stream believed that Mr K had at least £200 per month in disposable income – but all of the loans looked affordable taking account of the income and outgoings.

Lending Stream also carried out credit searches, it and has provided the Financial Ombudsman with a summary spreadsheet of the results it received from the credit reference agency. Having looked at these, I don't think they would have led to Lending Stream to carrying out further checks.

Therefore, taking account of what Mr K declared, the results of Lending Stream's checks and thinking about the total amount Mr K needed to make I'm satisfied the checks it carried out before providing these loans were proportionate and showed the loans were affordable.

Taking everything into account, I am intending to not uphold Mr K's complaint about these loans.

Loan 4

While I think the checks for loan 1 – 3 were proportionate I don't think they were for loan 4 and I've explained why below.

Lending Stream carried out the same checks for this loan as it had done for the previous 3 loans, including asking for and cross checking his income as well as cross checking his expenditure details and carrying out a credit search. The results of these checks indicated to Lending Stream Mr K was in a position to afford the loan payments.

However, for the reasons I've set out below – there was in my view sufficient reasons for Lending Stream to have been concerned before it advanced this final loan.

- This was going to be the fourth loan that Mr K had outstanding at the time, and he hadn't settled any of his previous loans.
- This was his third loan in just over a week.
- Mr K up to this point in time across all of his loans had only needed to make one contracted payment – so there was very little in the way of a repayment history.
- This was the second loan on the same day. Indeed, when Mr K firstly applied (loan 3) he had requested £800 – but Lending Stream decided to only advance £430. I can only presume this was because Lending Stream wasn't conformable advancing the total amount requested.
- But Lending Stream went ahead, on the same day and advanced a second loan of £800. This seems inconsistent bearing in mind Lending Stream wouldn't advance £800 earlier on in the day. And by the end of the day, Mr K had been advanced £1,230 – more than the original amount Lending Stream had turned him down for.

In these circumstances, I do think Lending Stream needed to do more in order to get an accurate idea of what Mr K's 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 use national statistics given his continued need for credit and the increased in monthly repayments he was due to make.

To be clear, just because I think further checks were needed before loan 4 was approved, that doesn't automatically lead to the complaint being upheld. After all it's entirely possible that had Lending Stream made further checks it would've shown the loan was affordable.

Lending Stream could've gone about carrying out further checks a number of ways, it could've asked more detailed questions, it could've obtained copy bills, other necessary documentation or it could've asked to see Mr K's bank statements.

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 K's income then it would've seen that what he declared and what it cross checked was broadly accurate – Mr K earned around £3,000 per month.

Had Lending Stream taken a closer look at Mr K's expenses it would've seen he was already having difficulties managing his finances. In the month of June Mr K had six returned direct debits and under CONC 1.3 missing direct debits is an indicator of financial difficulties.

In addition to this, in the middle of June 2024, Mr K was advanced a further two payday loans from other companies totalling £1,000. So, by the time of loan 4 being advanced, Mr K had a total at least

seven outstanding payday loans. Having that many outstanding payday loans is to me an indicator that Mr K wasn't likely in a position to manage his finances in a sustainable manner.

Having carefully considered everything I am intending to uphold Mr K'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 neither party has provided any further comments or submissions about the outcome, I see no reason to depart from the findings I made in the provisional decision and which are set out above. I still don't think loan four ought to have been granted to Mr K and Lending Stream has agreed with this and made an offer to settle the complaint.

I am therefore upholding Mr K's complaint about loan four only.

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 K 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.

Putting things right

Lending Stream shouldn't have granted loan 4.

If the outstanding debts has been sold Lending Stream should buy it back if is able to do so and then take the following steps. If Lending Stream can't buy the debt back then it should liaise with the new debt owner to achieve the results outlined below.

- A. Remove all interest, fees and charges from the balance of loan 4 and treat any repayments made by Mr K as though they had been repayments of the principal. If this results in Mr K having made overpayments then it should refund these overpayments 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 it should try to agree an affordable repayment plan with Mr K.
- C. If no outstanding balance remains, then remove any adverse information recorded on Mr K's credit file in relation to loan 4.

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

My final decision

For the reasons I've explained above and in the provisional decision, I'm upholding Mr K's complaint in part.

Gain Credit LLC trading as Lending Stream should put things right for Mr K as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 March 2026.

Robert Walker
Ombudsman