

The complaint

Miss 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 Miss B couldn’t afford the loan payments.

What happened

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

loan number	loan amount	agreement date	repayment date	number of monthly instalments	largest repayment per loan
1	£600	09/04/2025	outstanding	6	£228.85
2	£310	18/07/2025	outstanding	6	£109.67
3	£110	22/08/2025	outstanding	6	£37.85

The ‘*largest repayment per loan*’ column is the cost per loan – where loans overlapped the cost would be greater. For example, when loans 1 - 3 were running Miss B’s cost per month to Lending Stream was £376.37.

Following Miss B’s complaint Lending Stream wrote to her to explain why it wasn’t going to uphold it. Miss B referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who partly upheld it.

The Investigator concluded, that Lending Stream had made proportionate checks which showed the lending was affordable. However, the Investigator concluded Lending Stream hadn’t treated Miss B fairly or with forbearance. And given how much was borrowed, repaid and Miss B’s current financial situation, she recommended that the outstanding interest owed should be written off.

Miss B didn’t entirely agree, saying at the time she took these loans she was already in financial distress and has council tax arrears. She also had a number of accounts in default and so she said the loans ought to not have been provided. Miss B also said her credit file should be corrected.

Lending Stream did agree with the Investigator’s affordability assessment, but it didn’t agree with what it needs to do to put things right and I’ve summarised its response below.

- Lending Stream accepted that at initial contact In October 2025, the income and expenditure form completed showed Miss B’s outgoings exceeded her income – which is why no formal repayment plan was agreed at this time.
- The repayment plan that has been put in place – at around £200 spread across the loan wasn’t meant to be a long-term solution. Instead, it was a means to pause further interest being added to the balances.
- Financial difficulties alone shouldn’t lead to a write off of the remaining balance.
- Lending Stream has acknowledged Miss B has already paid enough to cover the original principal lent but as a gesture of goodwill – it has agreed to remove the fees

and charges added to the account after it was made aware of Miss B's financial difficulties.

The recent information provided by Lending Stream shows one loan account has already been allocated to a third-party collection agent and the other two will be shortly transferred as well.

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.

The Lending Decisions

Lending Stream had to assess the lending to check if Miss 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 Miss 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 Miss B. These factors include:

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

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

The Investigator didn't uphold the complaint about these loans and Lending Stream agreed with the assessment but Miss B disagreed, and I've outlined her reasons for doing so above.

Having looked at everything, I'm satisfied Lending Stream made a fair lending decision to provide these loans and I've explained why below.

Miss B declared to Lending Stream her income was around £2,100 per month. However, Lending Stream didn't just rely on what it was told by Miss B. Lending Stream says it used a third-party income checking tool provided by a credit reference agency. The results of which supported Miss B's declaration. For the first loans this check was proportionate.

Miss B also declared monthly outgoings of no more than £825 per month. 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 Miss B's existing commitments. Given these were the first loans, the use of statistical data and a credit search was reasonable.

Having carried out this further check, Lending Stream increased Miss B's outgoings to no more than £1,644 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 Financial Ombudsman with 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 Miss B's application.

The credit checks for all of the loans showed no defaults or delinquent accounts – and Miss B had two active credit accounts with monthly payments due of around £222. There were the Lending Streams loans as well which had been paid as expected. There wasn't anything from the credit file data received by Lending Stream to suggest that Miss B was having or likely having financial difficulties.

Overall, there 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 – as such it would've been disproportionate for it to have requested bank statements, in the circumstances of Miss B's applications.

In my view, Lending Stream carried out proportionate checks which demonstrated to it that Miss B would likely be able to afford to take on these loans. I am therefore not upholding the complaint about Lending Stream's decision to lend.

Forbearance

I won't go into as much detail as the Investigator has done solely because both parties are aware of what has happened and instead, I'm going to focus on the reason for my decision.

When Miss B initially approached Lending Stream at the start of October 2025 to explain she was having difficulties I do think Lending Stream treated her fairly and with forbearance at this point.

It asked for and received a completed income and expenditure form which showed Miss B's outgoings exceeded her income. As a result, no payment plan was put in place due to the affordability concerns. Instead Lending Stream correctly sign posted Miss B to third party support and it also put a one-month payment break on the loans. This was reasonable.

In November 2025, a payment plan was put in place for Miss B to pay Lending Stream just under £200 per month – this is despite only weeks before Lending Stream accepting, she

didn't have any disposable income in which to make any repayments because it refused to put a plan in place in order to prevent further financial difficulties.

I know Lending Stream said it did this to prevent further interest being added, but I can't say that this plan was reasonable given what the recent income and expenditure information showed. Therefore, given what Lending Stream knew about Miss B's circumstances it wasn't fair or reasonable to put this plan in place because it would likely fail – indeed it did.

The Investigator has said that given everything that has happened as well as what we've been told about Miss B's personal financial situation then the outstanding balances should be written off. I agree, and I've explained why below.

Miss B has told the Financial Ombudsman about her wider financial difficulties which includes her being in arrears with her council tax – which Lending Stream will know is a priority debt. In addition, Lending Stream also knew, from the income and expenditure forms that Miss B already had significant amount of debt and outgoings. Miss B's finances appear to be precarious and there doesn't appear to be any sign that these will dramatically improve in the near term.

I can also see from Lending Stream's loan information spreadsheet that Miss B has already paid Lending Stream more than the capital she has borrowed as well as some interest– and so what is outstanding is basically unpaid interest. This with Miss B's wider financial difficulties I do think in the individual circumstances of this complaint that the remaining balances should be written off and the loans closed – with nothing further to pay by Miss B.

I acknowledge that Lending Stream has offered to write off any interest charged after Miss B contacted it as a gesture of goodwill. But I don't think that goes far enough and instead, to bring this matter to a close, Lending Stream needs to write off any outstanding balance that is owed.

Miss B has asked for her credit file to be updated but I don't think that would be fair given the circumstances. I've already concluded Lending Stream was entitled to lend to Miss B given it had carried out proportionate checks, and it had initially treated her fairly and with forbearance.

But Miss B did have repayment difficulties with these loans and given the above redress won't have repaid everything Lending Stream was entitled to collect under the agreement. So, I do think Lending Stream is entitled to report adverse information to the credit reference agencies and so I make no award for this.

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 Miss 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 should write off any outstanding balance that Miss B currently owes on all of her loans. If Lending Stream has sold the outstanding balances or debt(s) it should liaise with the new owner of the debt to bring Miss B's account to zero.

My final decision

For the reasons given above, I'm upholding Miss 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 Miss B to accept or reject my decision before 10 April 2026.

Robert Walker
Ombudsman