

The complaint

Miss B complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave her loans without carrying out sufficient affordability checks. She says had better checks been made Lending Stream would’ve seen she was reliant on payday lending.

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 each month
1	£110	06/06/2022	27/12/2022	6	£34.90
2	£220	12/07/2022	27/01/2022	6	£67.15
3	£200	22/07/2022	28/02/2023	6	£69.90
4	£300	07/03/2023	29/07/2023	6	£94.68
5	£200	20/09/2023	27/10/2023	6	£70.36
break in borrowing					
6	£310	02/05/2024	12/06/2024	6	£101.16
7	£200	22/06/2024	28/10/2024	6	£69.51
8	£410	12/12/2024	outstanding	6	£149.59

The ‘*largest payment per loan*’ column is the cost per loan, where loans overlapped the cost would be greater. For example, when loans 1 – 3 were running concurrently Miss B was due to pay Lending Stream £171.75.

Following Miss B’s complaint Lending Stream explained why it wasn’t going to uphold it. Miss B referred the complaint to the Financial Ombudsman, the case was considered by an Investigator who also didn’t uphold it. Miss B disagreed and I’ve summarised her responses below.

- The checks didn’t go far enough given the pattern of repeated borrowing which showed Miss B was reliant on these loans.
- Miss B could only maintain payments by ‘juggling’ other credit.
- Lending Stream ought to have considered whether the lending was sustainable.
- Miss B was using credit to support her day to day living costs.

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 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 didn't believe this applied to Miss B's complaint and I agree given the number of loans, the amounts lent and the break in the lending chain.

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.

I've considered all the arguments, evidence and information provided in this context, and thought about what this means for Miss B's complaint. For these loans Lending Stream carried out the same sort of checks, which having carefully thought about everything I've decided they were proportionate and demonstrated that Miss B would likely be able to afford her loan repayments. I've explained why below.

Loans 1 - 5

Miss B declared monthly income of between £1,200 and £1,500 per month. Lending Stream didn't just accept what Miss B declared. It used a tool provided by a third party to cross check what it was told and I'm satisfied this was reasonable.

I can see from the information provided Lending Stream decreased Miss B's income to £1,380 per month for loan 1 only. For all other loans, it was content, following the results of its check to go with the amount provided by Miss B. This was a proportionate check into Miss B's income.

For the outgoings, Lending Stream asked Miss B to declare how much she spent on her living costs and credit commitments each month. It then went about cross-checking what

Miss B had declared by looking at 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 fairly used here. It also used the credit search results (which I'll come on to below) to check what Miss B declared out her credit commitments. But even with the adjustments, Lending Stream made to some of the loans, the combined monthly repayment for the loans, still showed they were affordable. I think this was proportionate and reasonable for Lending Stream to have relied upon Miss B's declaration and the results of the cross check.

Lending Stream also carried out credit searches, and it has provided the Financial Ombudsman with the results it received from the credit reference agency for each of these applications. 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.

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 Miss B's application.

Each credit report indicated that Miss B wasn't in any financial difficulties. There were no defaults or delinquent accounts reported. And while Miss B's overall debt did grow from around £1,500 at loan 1 up to just under £5,300 by the time of loan 5. That wouldn't have been overly concerning given the amount of time that has passed since the applications coupled with the fact that even with the larger debt the overall existing monthly repayments Miss B would need to make were still quite modest. The credit search results wouldn't have indicated that Miss B was having or was likely having financial difficulties.

Given I think the checks were proportionate I don't yet think it had reached the point, even when the loans overlapped, that Lending Stream needed to do more as such I don't think Lending Stream needed to have verified what it was being told beyond what it did meaning it didn't need to obtain copy bank statements.

I've also considered that some of these loans overlapped – loans 1 – 3 and I've thought about either that alone ought to have been enough for Lending Stream to not have lent. But I don't think there was enough here to uphold for this reason, especially, when Miss B's loans didn't significantly increase in value overall.

As such, while the overlapping nature of some of these loans was a consideration, there isn't anything within the regulations that says a lender can only lend one loan at the time. And looking at the total capital lent as well as the combined monthly repayment Miss B was due to make, I don't think this was significant enough to have caused Lending Stream any concerns.

I've also looked at the way Miss B repaid her loans. Miss B says she only was able to repay her loans by juggling other credit. I'm sorry to hear about that. But I don't think Lending Stream given the checks that it did, would've or could've realised that was what was happening.

Overall, taking everything into account, I'm satisfied that the checks Lending Stream conducted before it lent to Miss B were proportionate and – it therefore follows that I do not uphold the complaint about these loans.

Loans 6 – 8

Between Miss B repaying loan 5 and returning for loan 6, there was a break of just over six months, and this break is in my view large enough to impact the checks Lending Stream carried out. While this was Miss B's sixth loan Lending Stream was entitled to treat her as if she were a new customer. The implication of this is that loan six in effect becomes loan one a new lending chain – and loan seven becomes loan two, and so on.

I've kept this in mind when thinking about this chain of lending and it does mean that these being new loans and Miss B in effect being a new customer that the checks carried out were proportionate and I am therefore not upholding Miss B's complaint about them – I've explained why below.

What this also means, is that due to the two chains of lending I don't think I can conclude that the pattern of lending alone is sufficient to uphold Miss B's complaint. Three loans (in this chain) over a seven-month period isn't going to have led Lending Stream to the conclusions that this lending was inherently harmful especially as these were scheduled to be repaid over six months.

For loan 6, Miss B declared a monthly income of £19,000 and Lending Stream correctly in view picked up on this as unlikely to be an accurate reflection of her income given the amounts she had previously declared. Having cross checked Miss B's income Lending Stream adjusted it to a more realistic £1,700 per month. For this loan, Lending Stream fairly and correctly realised the figure given wasn't likely to be accurate and so cross checked and adjusted it accordingly.

For loans 7 and 8 Miss B declared an income of £1,500 and £1,580 – Lending Stream made no adjustments to these figures given the results of its cross check and I consider that to be reasonable.

For the outgoings, Lending Stream says it cross checked what Miss B had declared by looking at statistics I again think this was proportionate for the new loans of a new chain. Having carried out these checks, the largest monthly outgoings came at loan 8 where Miss B was calculated to have outgoings of £1,379. But even then, with the adjustments, when thinking about the loan payments she had all of the loans appeared affordable.

Lending Stream also carried out credit searches, and it has provided the Financial Ombudsman with the results it received from the credit reference agency. I've again, taken a look to see whether there was any indication to suggest Miss B was having financial difficulties.

None of the credit check results showed any signs of defaults, missed payments or types of insolvency. So, it would've been a reasonable conclusion for Lending Stream to have drawn that Miss B was on top of her finances.

I can see that Miss B's overall debt and number of active accounts did increase between loans 6 and 8 – but even with the increase the loans still appeared affordable and as I've said above there weren't any signs that she was having problems repaying her existing creditors. So that alone isn't enough to say that the lending wasn't sustainable.

I've concluded that Lending Stream was entitled to have relied on the information it received along with the results of its own checks that demonstrated these loans were affordable.

Overall, taking everything into account, I'm satisfied that the checks were proportionate and as that is what Lending Stream was required to do – it therefore follows that I do not uphold the complaint

Based on the most up to date information an outstanding balance remains due, and I would remind Lending Stream of its obligation to treat Miss B fairly and with forbearance.

I've also considered 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 Steam lent irresponsibly to Miss B or otherwise treated her unfairly in relation to 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.

My final decision

For the reasons given above, I'm not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 20 May 2026.

Robert Walker
Ombudsman