

## **The complaint**

Mr R complains that Gain Credit LLC trading as Lending Stream (“Lending Stream”) gave him loans without carrying out sufficient affordability checks.

## **What happened**

Mr R was granted one instalment loan in June 2025 for £300. Mr R was due to make five monthly payments of £107.54 followed by a final payment of £62.30. Mr R has said that he has experienced difficulties repaying the loan and the account defaulted in October 2025.

Following Mr R’s complaint Lending Stream wrote to him to explain why it wasn’t going to uphold it. Mr R referred the complaint to the Financial Ombudsman where the case was considered by an Investigator who also didn’t uphold it. Mr R disagreed saying Lending Stream ought to have seen through the open banking check that his situation was more precarious.

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 Mr R could afford to pay back the amount 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 R’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 R. These factors include:

- Mr R 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 R 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 R 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 R. This wouldn't apply to Mr R's complaint because only one loan was granted.

Lending Stream was required to establish whether Mr R could *sustainably* repay the loan – 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 R was able to repay his loan 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 R's complaint. For the loan, Lending Stream carried checks, which I've decided they were proportionate and demonstrated that Mr R would likely be able to afford his loan repayments. I've explained why below.

Mr R declared an income a monthly income £1,700. Lending Stream didn't just rely on what it was told. It has explained that it used Open Banking to cross check this information. As a result of this cross check, it reduced Mr R's income to £1,449.05 per month. For a first loan I think this check was proportionate and reasonable and so Lending Stream had a fairly good idea of what Mr R earned.

For the outgoings, which included living costs and credit commitments these came to £740 per month. Lending Stream says it crossed checked what Mr R had declared by looking at statistics that relate to the general population and it considered how much people typically spend with their income. It also used the credit search results (which I'll come on to below) to cross check what Mr R declared about his credit commitments.

Having carried out this further check, Lending Stream increased Mr R's monthly living costs and credit commitments to £1,111.24. But even with the adjustments, the loan looked affordable.

Mr R has said that as Lending Stream had open banking access for his income it also ought to have also looked at his outgoings. It is my understanding that Lending Stream only used the open banking report to check the income and only received information about that element. It has previously told the Financial Ombudsman that it didn't ask for or receive information about the consumer's monthly expenditure.

But in saying that – Mr R has provided copy bank statements for the same account for which he provided Lending Stream access as part of the application. To be clear, on balance I'm satisfied Lending Stream didn't see or review his expenditure and I don't think it needed to in order to carry out a proportionate check. I say this because having reviewed the credit commitment research (which I come onto below) and having verified his net income, then I think that use of statistical data for Mr R's living costs was fair and reasonable and within the regulations governing responsible lending.

But even if I am wrong about this and Lending Stream did have sight of some or all of the account movements, I don't think it would've led to a different outcome. And to reach that conclusion I did review the statement transactions to see what Lending Stream might have seen if it had used the account access for that purpose.

There were some living costs, for example car insurance and car tax as well as payments to a buy now pay later company. There were also a number of transfers in and out to various other accounts and to and from other people. So, even if Lending Stream had seen this – to be clear I don't think it did - then I still don't think it would've concluded that Mr R wasn't in a position to afford his payments of just over £100 per month. So, it still would've lent.

But my understanding is that the living costs weren't considered from Mr R's bank statements, instead, Lending Stream relied on his declaration and the results of its own cross checks. Which given this was a first loan and what else it knew about Mr R was proportionate.

Lending Stream also carried out a credit search, and it has provided the Financial Ombudsman with a summary 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's credit check results aren't as comprehensive compared to what Mr R may be able to view in his own report.

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 R's application.

The credit report showed Mr R currently had £6,632 worth of debt spread across 8 active accounts. There were signs from the report that around a year before this loan was granted Mr R had some financial difficulties – two accounts were noted as being in default and at the two accounts entered delinquency.

I've thought about this but there weren't any recent adverse credit file data and the information suggested recently Mr R had managed his accounts as expected. It therefore follows that I don't think Lending Stream knowing about the defaults would've led it to either request further information or to have declined Mr R's application for credit.

I've therefore concluded that Lending Stream was entitled to have relied on the information it received along with the results of its own checks that demonstrated the loan was affordable. This was a modest loan application, for a short term and Mr R was a new customer. It hadn't yet reached the point where it needed to verify the information beyond what it did.

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.

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 Stream lent irresponsibly to Mr R or otherwise treated him 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 Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 April 2026.

Robert Walker  
**Ombudsman**