

## **The complaint**

Miss C is complaining that AvantCredit of UK, LLC irresponsibly lent to her.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts are not in dispute, so I'll focus on giving the reasons for my decision. AvantCredit lent Miss C two loans and when she complained to it about the affordability of the loans it didn't uphold her complaint.

One of our adjudicators looked at the complaint and thought AvantCredit shouldn't have lent any of the loans. AvantCredit accepts it shouldn't have lent loans 1 for £2,000 but thinks it did enough before agreeing to lend loan 2.

## **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.

Having done so, I agree with the conclusions reached by the adjudicator for these reasons:

- AvantCredit's checks didn't go far enough, I think given that this was Miss C's second loan and the loan was quite substantial, it should have been looking to build a clearer picture of her finances. If it took its checks further, it would have found that Miss C's income was around £1,279, less than £1,583 which AvantCredit based its affordability calculations on.
- Also, the application shows that Miss C's declared expenses were around £955 and not £600 as stated by AvantCredit. And the results of the credit search show that Miss C was making around £385 monthly repayments towards credit excluding mortgage.
- AvantCredit has argued that Miss C could consolidate some of her borrowing which would make more funds available to her. It has given a break down on how Miss C would have done this although it doesn't appear it worked this out at the time it chose to lend. However, she was still repaying other borrowing that appear to be borrowing from family or friends, she was regularly paying around £562 and I can't see that AvantCredit took this into account.
- Also, I think AvantCredit should have been concerned that Miss C was returning for a loan that was more than double her previous loan and for a similar reason to the first. Proportionate checks would have shown it that Miss C was reliant on debt and borrowing to repay other borrowing. This was detrimental to Miss C as her finances were suffering adversely and AvantCredit shouldn't have lent this loan in the circumstances.
- There isn't a continuing dispute about loan 1 and so AvantCredit needs to put things right for Miss C on both loans.

### **Putting things right**

- Remove all interest, fees and charges applied to the loans.
- Treat any payments made by Miss C as payments towards the capital amounts of the loans.
- If Miss C has paid more than the capital then any overpayments should be refunded to with 8%\* simple interest from the date they were paid to the date of settlement.
- But if there's still an outstanding balance, AvantCredit should come to a reasonable repayment plan with Miss C.
- Remove any adverse information about the loans from Miss C's credit file.

† HM Revenue & Customs requires AvantCredit to take off tax from this interest. AvantCredit must give Miss C a certificate showing how much tax it's taken off if she asks for one.

### **My final decision**

I uphold Miss C's complaint and direct AvantCredit of UK, LLC to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 2 June 2022.

Oyetola Oduola  
**Ombudsman**