

The complaint

Mr H is complaining that Avantcredit of UK LLC irresponsibly lent to him.

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. The adjudicator recommended that loan 2 should be upheld but didn't think AvantCredit was wrong to lend loan 1.

Avantcredit hasn't responded to the adjudicator's view and so I don't know what its disagreement with the adjudicator's assessment may be.

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.

Mr H doesn't dispute the adjudicator's finding on loan 1 and so there isn't a continuing dispute about that loan and so I've made a decision about loan 2 below.

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

- AvantCredit's checks didn't go far enough and it should have taken its checks further. I say this because based on what AvantCredit knew about Mr H it should have been concerned about his ability to repay the loan without suffering adverse consequences.
- AvantCredit could see from its checks that Mr H had a high level of indebtedness and was likely paying a significant part of his income towards monthly credit.
- Had AvantCredit carried out what I consider to be sufficient checks, it would have found that it shouldn't have lent to Mr H. This because further checks would have shown that Mr H was borrowing from at least three other lenders and repaying the borrowing on his credit card. AvantCredit would have seen that Mr H was reliant on credit.
- On this basis, I have concluded that Avantcredit shouldn't have lent the loan 2 to Mr H and it needs to put things right.

Putting things right – what AvantCredit should do.

- refund all interest and charges Mr H paid on loan 2;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about loan 2 from Mr H's credit file.

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

My final decision

For the reasons given above, I uphold Mr H's complaint in part 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 Mr H to accept or reject my decision before 7 April 2022.

Oyetola Oduola
Ombudsman