

The complaint

Mr W 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.

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 carried out some checks but I don't think it reacted appropriately to the results of its checks.
- The checks showed that Mr W was due to pay over half of his declared monthly income towards credit. This included other high cost loans, credit cards and mail order account.
- I can see that AvantCredit in response to the view has retrospectively argued that Mr W would have consolidated some of his lending, but this wasn't something it fully considered at the time it decided to lend. So, it lent without being fully aware of which credit commitments Mr W was consolidating and how this may have impacted his financial circumstances overall.
- Even if I was to accept AvantCredit's retrospective consolidation, considering Mr W's remaining credit commitments and the repayments for this loan, Mr W was due to pay more than 40% of his income towards unsecured credit.
- On this basis, AvantCredit ought to have known there was a significant risk Mr W would struggle to repay the loan and likely suffer adverse financial impact so it shouldn't have lent and needs to put things right.

Putting things right

- Remove all interest, fees and charges applied to the loan.
- Treat any payments made by Mr W as payments towards the capital amount of £3,000.
- If Mr W 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 Mr W.
- Remove any adverse information about the loan from Mr W's credit file.

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

My final decision

I uphold Mr W'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 Mr W to accept or reject my decision before 24 March 2022.

Oyetola Oduola
Ombudsman