

The complaint

Mr C is complaining that AvantCredit of UK, LLC trading as AvantCredit 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.

AvantCredit disagreed with the adjudicator's assessment saying that Mr C was consolidating his other credit with his loans and so that put him in a better financial position.

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:

- I think the term and cost of the loans should have prompted AvantCredit to take its checks further to include verifying Mr C's living costs as well.
- For loan 1, AvantCredit didn't provide details of the credit commitments Mr C was looking to consolidate with the borrowing, from what I can see it worked this out after the adjudicator's view. This suggests that at the time of the loan, AvantCredit didn't consider which commitments Mr C was looking to consolidate and how any consolidation would have impacted his monthly commitments.
- Even if I accept what AvantCredit says now about the consolidation, I think that had it taken its checks further, it is likely to have found that Mr C was struggling to manage his finances and reliant on credit to survive. I've used Mr C's bank statements from around the time of the loan to understand his outgoings and I can see that he was regularly borrowing from several high cost short term lenders and using other credit facilities like credit card and mail order. In addition to this, Mr C lived in his overdraft and which suggests to me that he needed to borrow for his day to day living.
- By the time of loan 2, Mr C's credit commitments had significantly increased and again he said he was borrowing the loan for consolidation, I think AvantCredit should have been aware by now that Mr C continued to be reliant on credit as it was clear he hadn't been able to free himself from debt.
- In the circumstances, AvantCredit shouldn't have lent any of the loans. I'd remind AvantCredit that it was required to check that Mr C could repay the loan without his finances suffering adversely and not just that the loan was affordable on a pound and pence calculation.
- On this basis, I have concluded that Avantcredit shouldn't have lent the loans to Mr C and it needs to put things right.

Putting things right

- refund all interest and charges Mr C paid on both loans;
- 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 both loans from Mr C's credit file.

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

My final decision

I uphold Mr 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 Mr C to accept or reject my decision before 21 April 2022.

Oyetola Oduola
Ombudsman