

The complaint

Mr G complains about the way AvantCredit of UK, LLC has administered his fixed sum loan account.

What happened

I issued a provisional decision in which I said:

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

In 2017 Mr G took out a fixed sum loan with AvantCredit. The payments were about £280 a month. To avoid additional interest and adverse information being recorded with the credit reference agencies (“CRAs”) Mr G needed to make a payment each month for the term of the loan.

In June 2020 Mr G told AvantCredit his income had been impacted by the pandemic and asked for a payment holiday. AvantCredit agreed a three-month payment deferral. During this time Mr G didn’t need to make a payment and his credit file wouldn’t be impacted but interest would continue to accrue. AvantCredit explained the deferred payments would need to be addressed at the end of the deferral period.

In September 2020 AvantCredit wrote to Mr G to say his deferral period was coming to an end. It said the deferred payments (£834.09) and accrued interest (£279.52) would be moved to the end of the loan if it didn’t hear from him and payments would restart. Mr G responded to say he could restart making his contractual payments but questioned why he’d accrued interest. AvantCredit replied to say it had said interest would accrue during the deferral period. AvantCredit called Mr G a few times later in September 2020 but didn’t get through to him.

In February 2021 Mr G complained to AvantCredit. He said it hadn’t been taking his payments by direct debit and had recorded missed payments with the CRAs. He was also unhappy he hadn’t received a satisfactory answer about the accrued interest. Mr G and AvantCredit exchanged various correspondence and as I understand it, payments restarted on or around May 2021 with Mr G making higher than contractual payments to bring the account up to date. What remains in dispute, again as I understand it, is what Mr G’s credit file should show and what compensation, if any, AvantCredit should pay Mr G.

In my view there are faults on both sides when it comes to payments being missed from September 2020 onwards. On the one hand, AvantCredit ought reasonably to have taken payments using Mr G’s direct debit and if, as AvantCredit suggests, it didn’t feel it could do so without Mr G’s clear consent, I think it could have done more to get said consent. On the other hand, Mr G knew payments weren’t being taken and appears to have done nothing about it until he realised the impact to his credit file. Then from February 2021 onwards communications between the two parties wasn’t particularly productive as Mr G wanted his credit file amended and

AvantCredit wanted to agree a solution to Mr G's deferred payments and getting the account back on track.

Looking at things in the round, I'm inclined to say AvantCredit should remove any missed payments it recorded with the CRAs between September 2020 and May 2021. This is because, in brief, I'm satisfied these payments were missed as a result of various failings and misunderstanding, rather than a direct refusal or inability to make them on the part of Mr G. However, given Mr G has a part to play in this and overall, I'm satisfied AvantCredit intended to support Mr G through initially a payment deferral and later through various payment options, I don't consider compensation appropriate.

Finally, and for completeness, Mr G's loan balance is the subject of daily interest, as set out in the loan agreement. I haven't been presented with compelling evidence or arguments to persuade me the interest AvantCredit has charged him, including during the deferral period, goes against the agreement, or is unfair in some other way.

Putting things right

I intend to require AvantCredit of UK, LLC to remove adverse information linked to the loan from September 2020 to May 2021 from Mr G's credit file."

Mr G responded to my provisional decision to say (but not explain why) it was factually incorrect and set out his disappointment and difficult personal circumstances. AvantCredit didn't respond

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, and in the absence of any further material comments/evidence, I see no reason to depart from my provisional decision.

Putting things right

I require AvantCredit of UK, LLC to remove adverse information linked to the loan from September 2020 to May 2021 from Mr G's credit file.

My final decision

I uphold this complaint and require 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 G to accept or reject my decision before 10 May 2022.

James Langford
Ombudsman