

## **The complaint**

Miss S complains that AvantCredit of UK, LLC have sold her debt and adverse information has been added to her credit file.

## **What happened**

Miss S had a complaint against Avant for unaffordable lending upheld. Miss S agreed a repayment plan for the capital amount of the loan that was still outstanding. But despite being up to date with her repayments she said Avant sold the loan to a third-party debt purchaser. And her credit file was now showing that her account had defaulted. She complained to Avant.

Avant said they sold the loan as the third-party debt purchaser was more suited to support with the remaining payments and balance of Miss S' loan.

Miss S wasn't happy with Avant's response and referred her complaint to us.

Our investigator said Avant should have reasonably known selling the loan could have an adverse impact on Miss S' credit report. And if they were able Avant should buy back the outstanding debt. But if they couldn't do so they should liaise with the new debt owner to remove any negative information recorded on Miss S' credit file. She said they should also pay Miss S £100 for the trouble and upset caused.

Avant said they couldn't buy back the loan. But agreed to pay the £100 compensation and to instruct the credit bureaus to remove all negative markers and defaults. They would also ask the third party debt purchaser to remove any negative markers they'd added.

Miss S said Avant should be made to buy back the loan. She asked for an ombudsman to decide.

## **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 partially uphold this complaint. I'll explain why.

Avant's lending of the loan to Miss S has already been considered by this service so I won't comment further about this.

What I need to determine is whether Avant has acted fairly and reasonably in how they've handled Miss S' remediated loan with them.

I can see Avant has ensured Miss S' outstanding balance was adjusted to account for the refunded interest fees and charges. And a repayment plan was set up with Miss S to settle the remaining capital advance from the loan.

But in December 2021, Avant sold Miss S' remaining debt to a third-party debt purchaser. I know Miss S is unhappy Avant sold her balance to a third-party debt purchaser. But a lender is entitled to sell a debt on. A lender might sometimes decide to buy back a debt should a complaint be upheld further down the line and they're required to put things right. But a lender isn't required to do this. So, I can't make Avant buy back the loan.

I can see Miss S' agreed repayment plan started in April 2020, and that she made her repayment each month. But Avant's records shown that some of these repayments weren't recorded. The repayments didn't show from June 2020 and this wasn't corrected until December 2020. And I can see from Avant's notes that a Notice of Default was issued 29 January 2021. I can also see that Avant took steps to get this corrected on Miss S' credit file.

But I can understand Miss S' frustration as in January 2022 – after the debt was sold and despite maintaining her repayment plan she saw that the January 2021 default was again showing on her credit file.

While I can't ask Avant to buy back the loan, I do think they should have made sure that there wasn't any adverse information about the loan showing on Miss S' credit file when it was sold. And made clear to the third party debt purchaser that as they shouldn't have agreed to lend to Miss S, it's unfair for any adverse information about the loan to be recorded against her credit file.

So, I think it's right that Avant should arrange for any adverse information about the debt to be removed from Miss S' credit file. And to pay Miss S £100 for the trouble and upset this has caused to her.

As the debt has been sold Miss S is also entitled to take up matters with the third-party debt purchaser if she believes they record any inaccurate information.

### **My final decision**

I partially uphold this complaint. And ask AvantCredit of UK, LLC to:

- remove any adverse information about Miss S' loan from her credit file;
- liaise with the third party debt purchaser to remove any adverse information they may have added about the loan to Miss S' credit file; and
- pay Miss S £100 for the distress and inconvenience cause.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 August 2022.

Anne Scarr  
**Ombudsman**