

The complaint

Ms A complains that AvantCredit of UK, LLC lent her a loan she couldn't afford.

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 hasn't responded to the adjudicator's opinion so I don't know what, if anything, it disagrees with.

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 won't be upholding this complaint and I have set out my reasons below;

- AvantCredit's checks went far enough based on the circumstances of the lending but I don't think it reacted appropriately to the information its checks revealed.
- AvantCredit's checks showed Ms A to have a monthly income of £1,400. The checks showed her monthly living expenses as £680. The search of her credit file showed she was due to repay £746 towards unsecured credit the following month.
- Looking at those figures Ms A was left with no disposable income to make the monthly repayment of around £66.50 towards this loan.
- AvantCredit should have seen Ms A couldn't afford to repay the loan over the term and this was borne out when she struggled to keep up repayments within a short time of taking out the loan.
- Ms A has lost out as a result of having a loan she shouldn't have been given and AvantCredit needs to put things right.

Putting things right

It's unclear if there's still an outstanding balance on the loan as Ms A went into an Individual Voluntary Arrangement (IVA) to repay the loan. So, to put things right, AvantCredit should;

- Remove all interest, fees and charges applied to the loan.
- Treat any payments made by Ms A as payments towards the capital amount of £1,000.
- If Ms A 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 treat Ms A positively

and come to a reasonable repayment plan.

- Remove any adverse information about the loan from Ms A's credit file once the capital has been repaid.

† HM Revenue & Customs requires AvantCredit to take off tax from this interest. AvantCredit must give Ms A 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 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 Ms A to accept or reject my decision before 10 October 2022.

Oyetola Oduola
Ombudsman