

complaint

Mr L complains AvantCredit of UK, LLC ("AvantCredit") acted irresponsibly when they lent him money.

background

Mr L brought his concerns to us as he was unhappy with the response he received from AvantCredit when complained to them about the loan of £5000 taken on 26 May 2017.

AvantCredit didn't uphold his complaint. They told Mr L they'd undertaken a thorough investigation to examine all aspects of his application and outlined the steps they'd taken. But overall AvantCredit didn't consider that they'd failed to properly assess the affordability of an additional credit obligation for him prior to making a credit decision for his loan application.

Our investigator found the checks that Avantcredit did were proportionate based on the amount borrowed. He appreciated Mr L thought £5000 was a significant amount and wasn't trying to understate what Mr L had reported. But he didn't think the amount borrowed at the time warranted further checks. The investigator also considered whether Advantcredit ought to have known about Mr L's gambling problem to establish whether they had a duty of care. But as Mr L had told him he'd not informed Advantcredit about his gambling addiction at the time the investigator was unable to say that they should've been aware and factored this in their affordability checks. So he didn't uphold the complaint.

Mr L didn't agree. He said whilst his salary was high, in comparison to the loan repayments, he thought AvantCredit should have also asked for bank statements. And he based this on the fact that his credit report would have shown numerous high interest credit cards, all up to their limit and with minimum repayments, and that he had a large overdraft and a history of dependency on payday loans. Mr L thought all of these factors should've been a trigger to delve more, into his finances. He asked for an ombudsman to review his case and make a final decision.

my findings

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

The investigator has given a full summary of the background to this complaint in his letter giving his opinion so I won't repeat that here. I'm afraid there's not a great deal I can add to what the investigator's already told Mr L. I think he's covered most points quite clearly and I agree with his analysis and overall outcome.

Ultimately it's for a bank to decide what affordability criteria to apply and what risk it was willing to take when it lends money. But the industry rules and guidance for lenders – although not giving a set list of checks - says checks must be proportionate and give examples of factors to be considered. The information AvantCredit have sent satisfies me the checks they did before making the decision to lend were proportionate based on the amount borrowed and the information available to them both from Mr L and external agencies.

I know Mr L thinks AvantCredit should've done more checks based on his credit record, he's mentioned asking for his bank statements in particular. But I disagree. I think the checks they carried out here were reasonable and proportionate. The credit file show his accounts were generally well maintained. And, as the investigators touched on in his second view, AvantCredits responsibility was to make sure Mr L could afford the repayments not to make a judgement about the nature of Mr L's income or take a detailed look at the day to day transactions in his account.

Mr L told our investigator he hadn't informed AvantCredit of his gambling addiction at the time of the application. So, whilst I don't underestimate the difficulties Mr L may've had, I don't think it's reasonable to expect AvantCredit to know he had a gambling problem, when he applied for the loan.

I'm aware Mr L feels strongly about AvantCredit's conduct. But I hope I've explained why, from everything I've seen, I'm not persuaded this is a complaint I can fairly and reasonably uphold. Mr L's had the benefit of the money he's borrowed. Given how strongly Mr L feels about what happened he may want to pursue the matter further through other routes. But my decision brings to an end what we – in trying to resolve his dispute with AvantCredit informally – can do for him. I'm sorry if this disappoints Mr L.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 11 March 2020.

Annabel O'Sullivan
ombudsman