

## **complaint**

Mr L complains AvantCredit of UK, LLC ("AvantCredit") lent to him irresponsibly as the loan he took with them wasn't affordable for him and that they didn't make proper checks before lending to him.

## **background**

Mr L entered into a fixed sum loan agreement with AvantCredit on 25 March 2018. It lent him £3,500 over 24 months with an APR of 49.8% and monthly repayments of £213.49. He complained to AvantCredit on 4 June 2018 that the loan was unaffordable for him. And shortly before that - on 31 May 2018 - Mr L brought the complaint to this service. AvantCredit didn't think they'd failed to properly assess the affordability of this additional credit obligation on Mr L before making a decision on his loan application. They invited Mr L to contact their payments team if he was experiencing financial difficulties to discuss this.

The adjudicator didn't recommend that this complaint should be upheld. She was satisfied AvantCredit had carried out appropriate affordability checks. And based on those checks, she was satisfied that it was reasonable for it to lend to Mr L.

Mr L has asked for his complaint to be considered by an ombudsman. He says the variation between the income and expenditure he declared on the internet search for the loan and in the actual loan application shortly thereafter should have rang alarm bells for AvantCredit. As should the fact he'd only been in his current job for one month. He thought alarm should also have been prompted by his credit report showing multiple payday loans in the past. And that his Individual Voluntary Arrangement ("IVA"), although ended, still went onto show on his credit file until 2019.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I appreciate Mr L wants to make a stand for vulnerable customers. But this service considers each complaint on its individual merits.

A lender is required to make proportionate checks about the affordability of a loan before lending to a customer. But what is proportionate for each loan will depend on the circumstances of that loan.

I consider that the checks that AvantCredit made were proportionate for the loan for which Mr L had applied. Mr L said his loan was to consolidate his existing borrowing. So it's reasonable to expect that there might be adverse information on his credit file and that his outgoings would reduce when existing debts were paid off by the money advanced under this loan. AvantCredit obtained a call credit report and carried out checks which indicated the figures Mr L had given were accurate. The affordability report gave a confidence factor which in Mr L's case was high enough to not require proof of income and consider Mr L's information accurate. And AvantCredit felt the expenses Mr L gave were fair given the information in his application, his credit commitments and industry standard expenses published by the Office of National Statistics for the same application profile and income. So, I can't say, it was unreasonable for AvantCredit to rely on the income and expenditure information Mr L declared.

The only reference on Mr L's credit file to the IVA from 31 October 2013 is a notice of correction he completed stating he'd exited it on 28 September 2015 fully satisfying all creditors and any lending and that he now was in good standing with payments being made in line with the credit agreements. The credit agreement signed by Mr L states in the declaration "*2.1.4 you are not under an Independent Voluntary Arrangement or considering entering into an Independent Voluntary Arrangement*" and went on to declare the applicant wasn't in or considering a Debt Management Programme and had income or other means of repaying the total amount payable. Mr L told us he accepts he should've read the loan documents in more detail. But he signed that agreement along with its declaration of truth. Overall I'm not persuaded there's enough evidence to show AvantCredit's loan to Mr L wasn't affordable for him or that it shouldn't have made the loan to him. And it follows that it wouldn't be fair or reasonable in these circumstances for me to require AvantCredit to take any further action in response to his complaint.

I've also considered whether it was irresponsible for the bank to have given Mr L his loan. Irresponsible lending isn't just about whether he could afford to repay the credit or not – it's whether there's another reason he shouldn't have had the credit. There's no evidence to suggest AvantCredit knew about Mr L's bereavement or that he was suffering from depression at the time of the loan. And AvantCredit didn't have access to Mr L's bank statements so couldn't have seen the gambling transactions to which he refers.

A lender has a responsibility for responding positively and sympathetically when it knows a customer is in financial difficulties. But it can be difficult for a business to pick up on these issues unless the consumer tells it. And I can't see that Mr L did anything at the time of the application that would've alerted AvantCredit to any problems. When AvantCredit responded to Mr L's complaint they invited him to contact their payments team. And on 9 August 2018 when he reported to them that he was unemployed they put his payments on hold and agreed to review his circumstances. So I'm satisfied AvantCredit have responded in the way I'd expect them too once they were aware of the difficulties.

For these reasons I don't think the bank acted irresponsibly when it granted Mr L's application. And this means I can't uphold Mr L's complaint.

### **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 January 2019.

Annabel O'Sullivan  
**ombudsman**