

complaint

Mrs S complained about Avantcredit of UK LLC's handling of her loan once she came into financial difficulties.

background

Mrs S took out a loan with Avantcredit in January 2016 for £6,000 to be repaid over four years. Mrs S paid about £253 a month.

At the start of 2017 her health became poor and she had to stop working. As a result she contacted Avantcredit. It agreed to a reduced repayment of £100 per month for five months and to freeze interest and fees on the account while she was in the payment plan.

In May 2017 Mrs S wrote to Avantcredit about two main things:

1. It was unfair that the monthly payments due over the repayment plan had been added on to the end of her loan and that the £100 payments didn't reduce her overall debt; and
2. She wanted to pay by standing order.

Avantcredit explained that the agreement had been extended to match the period of missed payments. It also said it didn't allow payment by standing order but would accept payment by cheque, direct debit, or card payments.

As Mrs S was unhappy with Avantcredit's response she brought her complaint to this service. During the course of her complaint she has also questioned whether Avantcredit should ever have allowed her to take out the loan.

Mrs S said she didn't want to provide Avantcredit with her new bank details as she didn't trust it not to access her money without her consent. So she only wanted to pay by standing order. She accused Avantcredit of storing her old bank card details, including passwords, without her permission.

Mrs S has also expressed concern that none of her payments made during the payment plan went towards the loan.

Avantcredit was given the opportunity to provide its final response to Mrs S. It said:

- When Mrs S took out the loan she met all the relevant affordability checks.
- When her circumstances changed it acted sympathetically and allowed her a payment period with reduced payments and further interest and fees were frozen. It was because Mrs S stopped making the agreed payments on 2 May 2017 that the payment plan ended. Avantcredit said Mrs S should get in contact if she wanted to discuss entering into a new plan.
- The payments Mrs S had made had been used to set off any interest accrued prior to the date the payment plan was entered into. Avantcredit said it never agreed to waive interest on the account. Just to freeze it while the plan was in place.
- It didn't store her bank account details as alleged.
- It didn't allow customers to pay by standing order.

One of our investigators considered Mrs S's complaint. She reviewed the affordability of the loan to Mrs S and thought Avantcredit had carried out proportionate checks. She agreed with Avantcredit that there was nothing at the time that should have indicated Mrs S shouldn't be lent the funds she applied for.

The investigator explained how Mrs S's payment plan worked and that she thought Avantcredit had treated Mrs S positively and sympathetically by agreeing to the offer of a reduced monthly payment of £100 and freezing interest and fees.

Finally she didn't think Avantcredit had done anything wrong by not allowing Mrs S to pay by standing order.

Mrs S didn't agree with the investigator and asked for an ombudsman to consider her complaint. In response she said that her history of gambling and taking out loans should have shown Avantcredit that she was ineligible for any further lending. Mrs S also said a payment plan wasn't suitable for her. She said she was unlikely to work again so would simply be stuck paying £100 per month but never seeing the balance of her debt reduce.

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've looked carefully at the circumstances surrounding what happened with the loan. I know this will be disappointing for Mrs S. But having done so, I don't think Avantcredit behaved irresponsibly in providing it, or that it's behaved unfairly since the loan was granted.

affordability

Although I accept the loan may now be unaffordable, to uphold the complaint I'd have to find that either: (1) Avantcredit didn't carry out proportionate checks, but had it done it should have realised the loan was unaffordable; or (2) it did carry out proportionate checks, but still lent even though these would've reasonably shown the loan to be unaffordable.

When Mrs S applied for the loan, Avantcredit carried out a credit check, and asked about her income and expenditure. It also looked at her bank statements. I feel this was proportionate to the size of the loan, and the amount of the monthly repayments. I don't think any of these checks would've reasonably given it cause for concern.

Mrs S credit file at the time showed she hadn't taken out any payday loans within the last six months, there were no CCJs and it had been four years since Mrs S had defaulted on a repayment.

At the time it also showed Mrs S had debt elsewhere of around £6,739 and that the purpose of the loan was "debt consolidation". Mrs S told Avantcredit what her income and expenditure was when she made the loan application and that she was employed at the time. I think it was reasonable of it to have relied on that. Her disposable income was shown to be about £620 a month, so the loan repayments of about £253 would reasonably have seemed affordable, especially taking into account the debt consolidation purpose behind it.

I've also looked at Mrs S's bank statements which she provided at the time. I don't think these would have raised concerns either, and they gave no hint of a gambling problem which Avantcredit should have been aware of.

Taking all of this into account, I think Avantcredit carried out proportionate checks, which showed no reasonable cause for concern. On this basis, I don't think it lent irresponsibly.

financial difficulties

Mrs S kept up her repayments for the first year. But at that point, she e-mailed Avantcredit to say she was having financial problems due to her ill health and no longer being able to work. In such circumstances, I'd expect it to respond positively and sympathetically. I think it did as it took steps to try to help. It offered Mrs S a payment package, to help her try to get back on track but Mrs S stopped paying this only a couple of months into the plan.

Mrs S said it's unlikely she will be returning to work so a different type of repayment plan needs to be put in place. I accept that alternative arrangements may now be needed with AvantCredit. But I don't think it did anything wrong at the time it suggested the payment plan to her. And Avantcredit wouldn't have known then what the future prognosis for Mrs S was going to be at this time, but it had given her around five months to help her assess the situation. It was Mrs S that stopped making the reduced payment a few months in.

Mrs S has since said she has tried to engage with Avantcredit but it's not responding to her. If that is the case, then of course Mrs S could raise a separate complaint about this issue as it hasn't been raised prior to the complaint coming to this service. But I hope that on the completion of this particular complaint, Mrs S and Avantcredit can pro-actively and positively agree a way forward to help Mrs S come to an affordable agreement to repay the money she owes. I know Mrs S has told us she's unable to speak over the telephone to arrange this, but I would urge her to find help contacting Avantcredit to take matters forward quickly.

Finally, I don't think Avantcredit has done anything wrong by not letting Mrs S pay by standing order. I understand that Mrs S is suspicious about the use of her bank details. But there's no evidence at all that Avantcredit have or would misuse it. It has provided her with a number of ways of paying her loan and it's fair and reasonable for her to use one of them.

my final decision

While I know this will be a disappointment to Mrs S, for the reasons outlined above, I don't uphold her complaint.

Under the rules of our service, I'm required to ask Mrs S to accept or reject my decision before 27 November 2017.

Benjamin Taylor
ombudsman