

complaint

Miss P complains that AvantCredit of UK, LLC was irresponsible in lending her money.

background

In March 2016 Miss P took out a loan with Avant of some £3,000 over three years with monthly payments of £164.16. She had a monthly income of £1,640 and outgoings of £850. She had other loans and Avant says she told it she was using the loan to clear other debts and consolidate her borrowing.

Avant carried out checks on her income and bank statements as well as reviewing her credit file. It concluded that the loan was affordable. Miss P made payments until October and then missed some. She repaid the loan with help from relatives in October 2017.

She complained to Avant, but it said it had carried out the appropriate checks before making the loan. She brought her complaint to this service where it was considered by one of our investigators who didn't recommend it be upheld. He noted she had monthly disposable income of £790, although he was aware she had other debts that she was repaying at the time.

He looked at Avant's records and saw it had reviewed Miss P's credit file as part of its affordability checks and therefore it would have been aware of her outstanding debts. However he pointed out that Miss P had said on the application form that she would be using the loan to consolidate existing debts. He thought it reasonable for Avant to have taken this into account when considering affordability.

Given she had maintained payments for some seven months he thought this showed the loan was affordable at the time it was taken out. He said Avant made a commercial decision to offer the loan based on information Miss P had provided which it had subjected to appropriate checks.

Miss P didn't agree and said that while she had told Avant she would use the loan to clear other debts it should have been aware that the sum borrowed would be insufficient to clear all her debts. She supplied her credit report showing she had £4,600 long term debt and £1,500 short term debt. She said she had been turned down by other lenders for much smaller loans and Avant realised she was desperate to borrow the money and had charged her a very high rate of interest.

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 would say at the outset that I find myself in agreement with the investigator and for much the same reasons. I too have reviewed Avant's internal records and I am satisfied that it carried out appropriate checks before lending the money. It checked her income, her bank statements and her credit file. Armed with the information that this wasn't additional borrowing, but was being used to clear other debts it reached the commercial decision to lend Miss P the money she asked for.

I have looked at the spreadsheet she submitted showing her loan history. I see that she has had numerous loans over the years from a variety of lenders, though quite a few of these

had been cleared by the time she applied to Avant. She also reduced her borrowing from elsewhere after she took out the loan and for some seven or so months she seem to have been able to manage her finances. Regrettably she then fell into arrears and borrowed more.

Therefore it seems that at the point she took out the Avant loan it came to a reasonable conclusion that it was affordable and this was conformed by her situation in the following months. I also note that the level of borrowing in March 2016 of £6,100 doesn't appear to be unsustainable given her income and outgoings. While I have every sympathy with her situation I don't consider I can conclude Avant did anything wrong.

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 Miss P to accept or reject my decision before 17 May 2018.

Ivor Graham
ombudsman