

complaint

Mr G complains about irresponsible lending by AvantCredit of UK, LLC. He says it shouldn't have given him a fixed-sum loan agreement when he'd already got other loans. He wants all interest and fees refunded.

background

Mr G complains at the time AvantCredit made the loan in October 2015 his monthly outgoings exceeded his monthly income and he couldn't afford to make the repayments. He's referred us to numerous other debt obligations as well as living expenses. He feels the number and amount of short term and "payday" loans should have caused concern. And that if AvantCredit had checked his bank statements it would have seen his debt problems were growing. He said it should have known anyway as he was borrowing from a sister company.

AvantCredit told us Mr G had informed it his monthly income was £4,700 and it had confirmed this by checking with a credit agency which had shown his monthly gross income as in excess of £5,800. It said further checks were made to examine pre-existing debt obligations. These were then cross-referenced with other information so as to calculate the affordability of an additional obligation. It said it had properly assessed the affordability of this additional loan.

Mr G didn't agree and complained to us.

The adjudicator didn't recommend the complaint should be upheld.

She found Mr G had taken out a fixed sum loan repayable over 47 months at just under £400 per month. She says Mr G had stated his income to be £4,700 per month with outgoings of £1500 - so the monthly repayments were comparatively low with regard to income. She'd looked at Mr G's credit file and whilst he'd had earlier defaults she didn't think this should automatically mean this loan shouldn't have been approved. She thought the loan was affordable and noted Mr G had made all but two of the required contractual payments since 2015. So she didn't think AvantCredit had done anything wrong and wouldn't be asking it to refund the interest.

Mr G didn't agree with this and asked for an ombudsman to make the 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.

I understand Mr G's concerns and appreciate debt problems can have a most distressing and debilitating effect. And during the course of the complaint and in his response to the adjudicator's opinion he's raised a number of issues. I can't respond to each individual point in a final decision - but I've taken them on board - and I'll explain in more detail the issues which have influenced the final decision.

Mr G has made reference to the number of payday loans he's taken out since the loan was made - which I think he suggests is how he's managed to maintain contractual payments. And he's also commented "*I believe in hindsight I clearly couldn't afford the payments...*".

But in deciding if a loan was made irresponsibly I've got to look at what a lender knew and/or ought to have known *at the time* the loan was made. I look at whether a lender has made sufficient and proportionate checks having regard to the amount of the loan and the period over which it is repayable as well as the cost of instalments.

In this case I can see Mr G stated on his application he had a net monthly income of £4,700 and expenses of £1,500. So monthly payments of under £400 were not obviously unaffordable or indicative of irresponsible lending. This amount was checked with an agency which reported his *gross* income as £5,800 - which appears in line with the net figure Mr G disclosed. And further checks, including Mr G's credit file and existing obligations, suggest no obvious reason why it would have been irresponsible to lend this amount at the particular level of repayment. The fact he's been able to pay all but a couple of the monthly instalments on time supports this view - even if it's not of itself conclusive.

And whilst Mr G believes AvantCredit should have examined his bank statements the adjudicator gave a detailed explanation as to why she didn't think it needed to. She also thought it wouldn't have made any difference to the lending decision. I agree with this conclusion along with the rest of her view. In summary, I think AvantCredit conducted the necessary checks and reached a reasonable lending decision.

So whilst I know it will come as a disappointment to Mr G, in view of what he's told us, I doubt he'll be surprised that I'm not upholding this complaint.

my final decision

For the reasons given above my final decision is I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 April 2018.

Stephen D. Ross
ombudsman