

complaint

Mrs N complains that AvantCredit of UK, LLC ("AC") engaged in irresponsible lending to her.

background

Mrs N says when she applied for her loan she was told her bank statements were a requirement of the application process, to prove her income and expenditure and to show affordability. But she says AC issued the loan without seeing this information. And she says she fell behind with repayments due to unforeseen circumstances.

Mrs N also says she had a repayment plan set up, which also ended up being unaffordable. She says AC notified her of a reduced early settlement figure. She says she was in negotiations with AC about the amount. And she says without coming back to her to say whether her offer was acceptable, it passed her account to a debt collection agency.

So, Mrs N says she wants AC to accept the offer she made to settle her account before it was passed to a debt collection agency, on the basis that she will repay this amount over four or five months, as this is affordable to her.

AC says during the application process Mrs N was required to provide her monthly net income, which it verified with information on her credit report.

AC also says it examined Mrs N's credit files to identify any existing debt obligations. It says it cross-referenced these to her previously verified monthly net income and expenses to gauge the affordability of an additional obligation. It says this supported its calculation of the affordability of an additional credit obligation. And it says it also examined Mrs N's past repayment history and her credit score. It says these metrics had a significant influence when evaluating her application with its industry-leading risk assessment model, prior to making a credit decision.

So, AC says it doesn't consider it failed to properly assess the affordability of an additional credit obligation for Mrs N prior to making a credit decision about her loan application.

Mrs N complained to AC about this matter. And, being unhappy with its response, she complained to this service.

Our investigator thought Mrs N's complaint shouldn't be upheld.

Mrs N disagreed with the investigator's conclusions. So, the matter's been referred to me to 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.

I've decided not to uphold Mrs N's complaint and I'll explain why.

There's no specific list of checks a lender must carry out before deciding to make a loan. The information I've seen indicates the checks AC carried out were proportionate to the amount of the loan and were appropriate, in the circumstances. I've noted Mrs N's

comments about AC telling her it needed to see her bank statements as part of the application process. But I don't think it was unreasonable to approve her loan without this information, in view of the other checks it had carried out.

I see Mrs N's since experienced financial difficulties and I've sympathy for her. But I haven't seen anything to lead me to conclude AC ought to have considered the loan she applied for was unaffordable to her at the time.

The information I've seen indicates AC did offer Mrs N a settlement figure for her account in March 2017, but the terms were that she needed to pay it in full within 30 days. And, as it hadn't been paid by July 2017, AC then passed Mrs N's account to a debt collection agency. I note Mrs N says she was awaiting AC's response to her counter-offer. But I think the terms of AC's offer were clear. And I think it waited for a reasonable time before taking steps to enforce payment of the debt.

So, taking everything into account, I don't think AC's done anything wrong. And this means I can't uphold Mrs N's complaint.

my final decision

I don't uphold Mrs N's complaint against AvantCredit of UK, LLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 15 July 2018.

Robert Collinson
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