

complaint

Mr G says AvantCredit of UK, LLC (AvantCredit) acted unfairly when it lent him money in 2015.

background

In September 2015, AvantCredit lent Mr G £2,000, which Mr G agreed to repay, with interest, over 35 months. The monthly instalment was £116.95, so if Mr G made all the payments on time he'd pay £4,210.37 in total. But Mr G immediately started missing payments. He paid £65 towards the loan in total, and in July 2017, the debt was sold to a third party.

Mr G thinks AvantCredit was irresponsible by lending him the money.

AvantCredit looked at Mr G's complaint and thought it should be upheld. It agreed to remove all interest and charges from the account. It says this means he'd have owed £1,935.

Our investigator looked at the complaint and thought that AvantCredit's offer was fair, bearing in mind the difficult financial circumstances Mr G now found himself in.

Mr G doesn't agree. He says the business the debt was sold to was only seeking repayment of £2,000, so he doesn't think that what AvantCredit has offered him helps him. He also wants compensation for the mistakes he says AvantCredit made together with the stress he says he's been put through.

As the investigator couldn't resolve matters informally, the complaint has been referred to me to decide.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As AvantCredit has agreed that Mr G's complaint about the lending should be upheld, in this decision I've looked at whether what AvantCredit has offered is fair.

I think it is. I'll explain why.

AvantCredit shouldn't have lent Mr G the money. He's had the money, and spent it, so I think it's fair that Mr G should repay the amount he borrowed. But he's also incurred interest and charges – and I don't think it would be fair to make him repay that.

I've looked at what AvantCredit has done. AvantCredit has arranged with the third party that now owns the debt to remove all interest, fees and charges from the outstanding balance of the loan. It has then treated the payments Mr G made as if they were repayments of the amount Mr G borrowed. Mr G borrowed £2,000, and AvantCredit's records show he paid £65 towards the loan in total. This means he would have owed £1,935 when AvantCredit sold the debt to the third party. I've seen notes showing that AvantCredit has now told the third party the updated balance.

I'm satisfied that this means Mr G now only has to repay the cash amount he originally borrowed.

I've considered the other points Mr G has raised. He says the third party the debt was sold on to was only pursuing him for £2,000. So he doesn't feel that what AvantCredit has done has really helped him personally. I can certainly see why Mr G feels this way. But I'm satisfied that AvantCredit has arranged to remove the interest and charges from the debt it sold on. I don't think the decision of the third party to pursue him for only part of the original debt makes a difference what it's fair to tell AvantCredit to do for irresponsibly lending Mr G the money.

Mr G has also mentioned his gambling problems and his history of short term lending and defaulted accounts. I have great deal of sympathy for Mr G and agree he has had a very difficult time and I've taken these into account in reaching my decision. But Avant Credit has already accepted that it shouldn't have provided this loan to Mr G – presumably as it accepts that proportionate checks would have highlighted some of the issues raised. And, as I've explained, what AvantCredit has offered to do is what I'd have told it to do if I'd decided the complaint should be upheld for those reasons.

I've also thought about whether AvantCredit did anything else that was unfair. Mr G says AvantCredit didn't write to him to say it had sold on the debt. I've thought about this. I see from AvantCredit's records that the debt was sold to the third party in July 2017. Mr G says he'd changed address by then. But I haven't seen anything to show Mr G notified AvantCredit that he'd changed address, and in any case AvantCredit's notes also suggest that the notice was sent to Mr G by email, and so I think it's likely he'd have got this.

Finally, in this decision I've just looked at what AvantCredit has done. If Mr G is unhappy with what happened to the debt after it was sold to the third party, he needs to raise this with the third party.

my final decision

AvantCredit of UK LLC has offered fair compensation for irresponsible lending.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr G to accept or reject by decision by 16 April 2020.

Edward Hardman
ombudsman