

complaint

Mr L complains that AvantCredit of UK, LLC gave him a loan he couldn't afford.

background

In 2016 Mr L got a fixed sum loan for £3,000 with AvantCredit. It was repayable over 35 months. Mr L's monthly repayments were £133.52.

Mr L says he couldn't afford the loan, so AvantCredit shouldn't have given it to him. He says he hadn't borrowed from AvantCredit before, had used payday loans in the past, and was gambling when he took out the loan. He also had a number of other loans with other providers. So this loan contributed to him being in a cycle of debt.

AvantCredit says it carried out a number of checks before it gave Mr L the loan. It considered Mr L's credit file, along with his declared annual income of £30,754. It also took into account his other debt, and his income and expenditure. Having considered all this, it thought that the monthly repayments were affordable to Mr L.

Our investigator considered all this information along with the June 2016 affordability report AvantCredit produced. She took the view that AvantCredit carried out proportionate checks before making the decision to lend to Mr L. She appreciated that Mr L hadn't borrowed from AvantCredit before taking out the loan. But she didn't think that meant that it shouldn't have lent the £3,000 to Mr L.

Our investigator said that Mr L made all his repayments in line with the loan agreement. His bank statements didn't show he was frequently using his overdraft or that he was struggling with his finances. And she couldn't see that Mr L had told AvantCredit that he was struggling to repay the loan. In the circumstances, she didn't think it would've been clear to AvantCredit that Mr L had difficulties repaying the loan. So she didn't recommend that Mr L's complaint against AvantCredit should be upheld.

Mr L asked for his complaint to be reviewed by an ombudsman. Amongst other things he said he was only able to repay the AvantCredit loan because he took out another loan with a credit union.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I don't think Mr L's complaint should be upheld either. I'll explain why.

AvantCredit should only have given Mr L the loan if it had assessed his ability to repay, and decided it was affordable. There's no prescriptive list of what lenders should do when assessing affordability. It was required to carry out *proportionate* affordability checks, taking into account things such as the amount Mr L was borrowing, his credit history and financial position at the time.

AvantCredit has told us about the checks it carried out before giving Mr L the loan. Amongst other things it considered his credit file and information about his income and expenditure. It has also provided us with a copy of an affordability report it compiled in June 2016. Having considered all this information myself, I think the checks were proportionate given the size of the loan, the monthly repayments, and Mr L's financial position at the time. I'm also satisfied that AvantCredit took into account Mr L's debts when he got the loan.

Mr L has provided us with copies of his bank statements. He thinks they show the true picture of his finances when he got the loan. I've looked at these even though AvantCredit wasn't required to look at these statements when it decided whether to give Mr L the loan.

The statements don't show me that Mr L was in difficulties or gambling excessively when he got the loan. Mr L was repaying other debts in June 2016, and I'm conscious that he had previously taken out payday loans. I appreciate the effect he says these payday loans had on him. However, he wasn't overdrawn when he got the loan with AvantCredit, and had only been overdrawn sporadically in the months beforehand.

Mr L has told us he was able to repay the AvantCredit loan because he took out another loan with a credit union some months later. However, AvantCredit have provided us with evidence to show that Mr L made seven repayments on time before paying more than £2,680 towards the loan (presumably with the credit union loan). That indicates to me that he could afford to repay the AvantCredit loan. I'm pleased that after Mr L took out the AvantCredit loan he was able to get another loan to repay his debts more quickly. But that doesn't indicate to me that his AvantCredit loan was unaffordable.

Taking the matter as a whole, I don't think AvantCredit made a mistake when it gave Mr L the loan. It follows that I don't uphold this complaint.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 December 2019.

Laura Forster
ombudsman