

complaint

Mr K complains that Advancis Limited (Advancis) shouldn't have approved his guarantor loan. He's also unhappy with the poor customer service he received – he says Advancis were aggressive in their communications.

background

In August 2016 Mr K took out a loan for £7,000 with Advancis. He says he provided his bank statements as part of the review process and that if Advancis had looked at them properly they would have seen significant gambling transactions and financial difficulty. He also says that they were rude and unprofessional to him on the phone.

Advancis didn't agree with Mr K. They said they hadn't reviewed his bank statements to make an assessment of affordability so they had no knowledge of his gambling. But they had used the income and expenditure information he'd provided. This, they said, showed that he had a monthly income of over £6,000 and a monthly disposable income of over £400. They said they had also reviewed his credit file and had taken into account a couple of County Court Judgements (CCJ's) and a further guarantor loan he had. But even having considered this Advancis said they were happy that Mr K would be able to comfortably afford the repayments on the loan he'd applied for.

They listened to the calls that Mr K had with their agent's but didn't think the agents had been unprofessional or discourteous so they also didn't uphold Mr K's complaint about poor customer service.

So Mr K referred his complaint to us and our adjudicator provided his opinion. He thought the checks Advancis had done were proportionate and that they were sufficient to establish whether Mr K could afford the repayments. He noticed that a large proportion of his income did go towards gambling but he didn't think it was fair to suggest Advancis should've known about this and he therefore didn't think they'd done anything wrong.

Mr K said that he'd told Advancis that he was in financial difficulties and that they therefore should have been more sympathetic and not charged him further fees. But when our adjudicator looked into this he noted that Advancis were only made aware of Mr K's financial difficulties in March 2017. He said that whilst he'd expect them to be sympathetic to Mr K at this point, it didn't mean they needed to remove any fees.

The adjudicator also reviewed the call logs he'd been provided of Mr K's conversations with Advancis and the emails he'd been sent by them chasing payments. He noted that the calls got heated but he didn't think the agents had been unprofessional or had harassed Mr K and he didn't think the content of the emails were wrong either. He stressed Advancis did need to take measures to recover the debt that was owed to them. But dissatisfied Mr K asked for a decision by an ombudsman.

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 know it's not what Mr K wants to hear and he'll be disappointed but I agree with the adjudicator's opinion and for similar reasons. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

When lending money to Mr K, Advancis was required to ensure he could repay the borrowing in a sustainable manner without it adversely impacting on his financial situation. Advancis needed to obtain sufficient information to make an informed decision about the lending. Exactly what they needed to consider was for them to decide and the guidance and rules list a number of things they may have wished to consider. Any checks they carried out needed to be proportionate, based on the size of the borrowing and Mr K's financial situation at the time he made the application to borrow.

Advancis considered the statement Mr K made about his income and expenditure and they also considered the information available on his credit file and obtained proof of his income from his pay slips. I think the checks that they made were proportionate for a loan of this size.

I do agree that if he'd obviously been gambling in an unsustainable manner then Advancis should've taken this into account. But, they didn't review his bank statements and they didn't have to ask for them either. They simply needed to get enough information to enable them to make an informed decision. So I don't think Advancis would have, or should have, known that Mr K was spending so much on gambling and that this threatened his ability to repay the loan.

They'd also considered the impact of the CCJ's and noted that one was paid and the other a few years old. They'd weighed up the impact of his other guarantor loan noting that this involved a different guarantor and that the risk was therefore spread. On the other hand it's clear that they had established that he had a sizeable income and despite his other commitments, a reasonable disposable income. So I think they made an informed and proportionate decision to lend the money they did and I'm not persuaded that the lending was irresponsible.

The first time that Advancis were made aware of Mr K's financial difficulties appears to have been in March 2017, about three months before the loan was settled by the guarantor. I agree with the adjudicator that at that point we would've expected them to have been sympathetic to Mr K's situation but I also agree that, whilst they may have chosen to suspend fees from that point, they didn't have to and it wouldn't therefore be reasonable to suggest they should have done more.

I've also reviewed the calls and correspondence Mr K had with Advancis and I agree with the adjudicator's findings. I note that the telephone calls were a little heated and that both parties were a bit curt with each other but I don't think it would be reasonable for me to say that Advancis were unprofessional or harassed Mr K. The text and email messages reflected the fact that payments hadn't been received and the agreement was being breached. I understand that this correspondence would have been distressing to receive but Advancis had to advise Mr K of his missed payments, and the implications of missing payments, and I don't think the content of their emails was unprofessional.

So I'm satisfied that their communication with Mr K was appropriate and they didn't lend irresponsibly and I'm therefore not asking Advancis to take any further action.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 March 2018.

Phil McMahon
ombudsman