

complaint

Mr R complains that AvantCredit of UK, LLC ("AC") engaged in irresponsible lending to him.

background

Mr R says AC didn't carry out satisfactory credit checks and affordability checks before deciding to lend to him. He says he has email correspondence clearly showing his gross income and expenditure were almost completely the same amount. And he says he believes AC could've helped him at numerous times to discuss renegotiation of his loan, when he asked for it.

So, Mr R says he wants AC to refund the interest he's paid and to write off the loan. And he says he also wants compensation for its errors and the poor customer service he's received.

AC says its pre-lending checks ensure the amount of credit it lends is affordable to its customers. It says it makes calculations of affordability by asking customers to indicate their income and expenditure. It says this information's accepted in good faith and a decision to verify income will be based on comparison of such data with available third party reports.

AC also says on his application Mr R indicated he received a net monthly income of £1,115. It says this was verified by information on his credit report and was then compared to the monthly expenses he'd listed of £655, to help determine an affordable monthly payment amount for him.

In addition, AC says it also examined Mr R's credit files to identify any existing debt obligations. It says it cross-referenced these to his 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 Mr R's past repayment history and his credit score. It says these metrics had a significant influence when evaluating his 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 Mr R prior to making a credit decision about his loan application.

Our adjudicator thought Mr R's complaint shouldn't be upheld.

Mr R disagreed with the adjudicator'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 Mr R's complaint and I'll explain why.

I see when Mr R applied for his loan he completed an online income and expenditure form on which he said his income was £1,115 per month and his expenditure was £655. I see based on this information AC calculated Mr R would be left with disposable income of £460 per month and that his loan repayments of £91.76 per month would be affordable. From

what I've seen I don't think AC should've had any reason to consider the loan would be unaffordable to Mr R.

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 loan of £1,500 it made to Mr R and that they were appropriate, in the circumstances.

I see Mr R's also complained about various aspects of the customer service he's received from AC, including in relation to an email he was wrongly sent about arrears. And in relation to an occasion when he says he was kept on hold when phoning AC and it then hung up. But I haven't seen enough information to conclude the service Mr R received was sufficiently below the expected standard to justify me requiring AC to pay him any compensation.

I also see Mr R's complained that the interest and charges on his loan weren't properly explained when it was sold to him. But all of this information's clearly set out in his credit agreement. So, I can't uphold this aspect of Mr R's complaint.

In addition, I see Mr R says he believes AC could've helped him at numerous times to discuss renegotiation of his loan, when he asked for it. Businesses are expected to respond positively and sympathetically if a consumer makes them aware of financial difficulties they're experiencing. But I haven't seen supporting information, such as letters or emails, confirming Mr R raised these issues with AC.

So, taking into account everything I've seen I can't fairly and reasonably uphold Mr R's complaint.

my final decision

I don't uphold Mr R's complaint against AvantCredit of UK, LLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 2 February 2019.

Robert Collinson
ombudsman