

complaint

Mr S complains that a fixed sum loan agreement with AvantCredit of UK, LLC was mis-sold to him as it was irresponsible lending and that he's being asked to pay more than he owes.

background

Mr S entered into a fixed sum loan agreement with AvantCredit in January 2016. The loan was for £3,500 repayable over three years by monthly payments of £166.49. He didn't make all of the payments due under the agreement and his account was in arrears. AvantCredit suspended interest and charges under a forbearance agreement because of Mr S's financial difficulties. But he complained to AvantCredit in August 2017 that the loan had been made to him irresponsibly and his account was transferred to a third party. Mr S wasn't satisfied with its response so he complained to this service. He also made a complaint about the third party – but that complaint's being dealt with separately.

The investigator didn't recommend that this complaint should be upheld. She said that AvantCredit did a credit check and that it asked Mr S about his monthly income which it verified against a credit search. And she thought that it carried out sufficient checks before lending to him. She didn't think that it could've reasonably been expected to have known about Mr S's spending on gambling. She said that she didn't have enough information to show that Mr S's outstanding balance should be lower.

Mr S has asked for his complaint to be considered by an ombudsman. He says that complaints about other loans over the same period have been upheld in his favour.

my findings

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

A lender is required to make proportionate checks about the affordability of a loan before lending to a customer. What is proportionate for each loan will depend on the circumstances of that loan. AvantCredit has provided evidence to show that Mr S said that his monthly income was £2,112 and that it verified his income by a credit search and that it made a credit check. It didn't obtain a full credit report on Mr S – but I'm not persuaded that there was any requirement for it to do so. The monthly payments under the loan were £166.49 and Mr S had a monthly income of more than £2,000. I consider that AvantCredit made proportionate checks before lending to Mr S. And I consider that it was reasonable for it to conclude that the monthly payments were affordable for him. I'm not persuaded that there's enough evidence to show that it knew about Mr S's spending on gambling – or that there was any need for it to obtain a more detailed understanding of Mr S's financial circumstances before lending to him.

AvantCredit says that it agreed a forbearance arrangement with Mr S when he told it about his financial difficulties – and that it agreed to freeze interest and fees on his loan under the arrangement. So I consider that it responded positively and sympathetically to his financial difficulties – as it was required to do.

AvantCredit transferred Mr S's debt to a third party in July 2017. I consider that it was entitled to do so and it's provided evidence to show that Mr S was given notice of the transfer. The amount of the debt transferred was £2,973.18. Mr S says that the debt should

be less than that because he made more payments to AvantCredit. But AvantCredit has provided evidence of the payments that it received from Mr S – and I'm not persuaded that Mr S has provided enough evidence to show that the information from AvantCredit is incorrect – or to show that he made any other payments to AvantCredit.

I'm not persuaded that there's enough evidence to show that the loan was mis-sold to Mr S, that it was irresponsible for AvantCredit to have lent to Mr S or that the amount of the loan transferred to the third party is incorrect. So I find that it wouldn't be fair or reasonable in these circumstances for me to require AvantCredit to remove any interest from the loan, to pay any compensation to Mr S or to take any other action in response to his complaint.

my final decision

For these reasons, my decision is that I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 20 March 2018.

Jarrold Hastings
ombudsman