

The complaint

Mr C says AvantCredit of UK, LLC irresponsibly lent to him.

What happened

This complaint is about 2 loans AvantCredit provided to Mr C between July and November 2016. Mr C's borrowing history is as follows:

Loan	Date taken	Amount	Term	Repayment
1	July 2016	£2000	36 Months	£88.41
2	November 2016	£2100	36 Months	£103.73

I issued a provisional decision on this complaint in May 2022. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"Did AvantCredit complete reasonable and proportionate checks to satisfy itself that Mr C would be able to repay loans without experiencing significant adverse consequences?"

AvantCredit has provided evidence to show that before lending to Mr C on both occasions, it asked him for information about his income and expenditure. It also carried out a credit check. Before it agreed to give Mr C loan 1, it also verified his income by requesting a months' worth of bank statements. Based on those checks AvantCredit thought it was fair to lend.

Mr C was entering into a significant commitment with AvantCredit. He was agreeing to make monthly repayments for a period of 3 years on both occasions. So, I think it is right that AvantCredit wanted to gather, and independently check, some detailed information about Mr C's financial circumstances before it agreed to lend to him. I think that the checks it did on both occasions were sufficient to achieve that aim. I think AvantCredit's checks were proportionate.

Did AvantCredit make fair lending decisions?

I have concluded AvantCredit made proportionate checks. But simply performing proportionate checks isn't always enough. A lender also needs to react appropriately to the information those checks show. Those results might sometimes lead a lender to undertake further enquiries into a consumer's financial situation. Or, in some cases, the results might lead a lender to decline a loan application outright. This is what I currently think AvantCredit should have done for both loans.

AvantCredit obtained bank statements from Mr C when he applied for his first loan. It gathered a months' worth. It says it did this to verify Mr C's income. On these statements there are many gambling transactions. Mr C was over his agreed overdraft limit whilst he was spending money on gambling too. I currently think this shows Mr C was having problems managing his finances at that time and on seeing this AvantCredit shouldn't have made a decision to lend to him.

Mr C repaid loan 1 in September 2016 and asked for loan 2 in November 2016. I don't think it is likely Mr C's finances would have improved in this short period of time and so it follows that I don't think, based on what AvantCredit had in front of it, that it should have given Mr C this loan either.

AvantCredit needs to put things right."

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. Mr C responded and had no further comments. AvantCredit did not respond.

What I've decided – and why

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

Mr C has not made any new points for me to respond to and AvantCredit has not responded. So, as neither party has anything further to add that I feel I need to comment on or that will change the outcome of this complaint, I don't see any reason to depart from my findings within my provisional decision. With that being the case, I uphold Mr C's complaint.

Putting things right – what AvantCredit needs to do

- refund all interest and charges Mr C paid on loan 1 and 2;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- remove any negative information about loans 1 and 2 from Mr C's credit file;

† HM Revenue & Customs requires AvantCredit to take off tax from this interest. AvantCredit must give Mr C a certificate showing how much tax it's taken off if he asks for one.

My final decision

My final decision is that I uphold Mr C's complaint and direct AvantCredit of UK, LLC to put things right as described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 5 July 2022.

Mark Richardson
Ombudsman