

## **Complaint**

Mr H has complained about loans AvantCredit of UK, LLC (trading as “Avant Credit”) provided to him. He says the loans were unaffordable.

## **Background**

Avant Credit provided Mr H with a first loan for £3,500.00 in October 2015. This loan was due to be repaid in 24 monthly instalments of £200.16. Mr H was then provided with a second loan for £5,400.00. This loan had a 36-month term and was due to be repaid in 36 monthly repayments of around £308.17.

One of our adjudicators reviewed what Mr H and Avant Credit had told us. And she thought that Avant Credit hadn’t done anything wrong or treated Mr H unfairly. So she didn’t recommend that Mr H’s complaint be upheld. Mr H disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

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

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr H’s complaint.

Having carefully thought about everything, I’ve not been persuaded to uphold Mr H’s complaint. I’ll explain why in a little more detail.

Avant Credit needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Avant Credit needed to carry out proportionate checks to be able to understand whether Mr H could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Avant Credit provided Mr H with loans for £3,500.00 and £5,400.00. These loans were due to be repaid in 24 and 36 monthly instalments respectively. Avant Credit says it agreed to Mr H’s applications after he provided details of his monthly income and some information on his expenditure.

It says it cross-checked this against information on credit searches it carried out as well as payslips and bank statements that it obtained from Mr H. And all of this information showed Mr H could comfortably afford to make the repayments he was committing to. On the other hand, Mr H has said the loans were unaffordable.

I've carefully thought about what Mr H and Avant Credit have said.

The first thing for me to say is that Avant Credit obtained quite a bit of information from Mr H. And it didn't simply accept Mr H's declarations at face value. It has provided a record of the results of its credit searches. Avant Credit searches appear to show that Mr H did have some existing debts but that his commitments at the time were relatively well maintained. Crucially, according to the credit searches, Mr H's debt total at the time of the applications wasn't excessive.

I've also kept in mind that Avant Credit provided a second loan to Mr H and that sometimes repeat borrowing in itself can be an indication of difficulty. But Mr H repaid loan 1 very quickly. And while the amount of loan 2 was higher and Mr H says he only repaid loan 1 through further borrowing, I think that this was a warning sign should Mr H return for further borrowing rather than a reason to decline Mr H's application.

So while the pattern of lending here has seen me take a closer look at the individual applications, I'm satisfied that it wasn't immediately obvious that Mr H's indebtedness was increasing unsustainably – particularly as there wasn't anything else obvious in these applications which clearly demonstrated Mr H couldn't have afforded the loans either.

I accept that Mr H's actual circumstances may not have been fully reflected either in the information he provided, or the information Avant Credit obtained. But the key here is that it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong.

Given the circumstances here, the lack of obvious inconsistencies and most importantly the information gathered suggesting that the loans were affordable, I'm satisfied that Avant Credit was reasonably entitled to lend to Mr H. I say this while especially mindful that we haven't been provided with anything else which demonstrates the loans were obviously unaffordable either.

As this is the case, I don't think that Avant Credit did anything wrong when deciding to lend to Mr H - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable. Furthermore, the second loan was provided in circumstances where Mr H's indebtedness didn't appear to be increasing unsustainably.

So overall I don't think that Avant Credit treated Mr H unfairly or unreasonably when providing him with his loans. And I'm not upholding Mr H's complaint. I appreciate this will be very disappointing for Mr H. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 October 2023.

Jeshen Narayanan  
**Ombudsman**