

The complaint

Mr C says Provident Personal Credit Limited irresponsibly lent to him.

What happened

This complaint is about four instalment loans Provident provided to Mr C between November 2015 and March 2016. Mr C's borrowing history is laid out below:

Loan	Date Taken	Date Repaid	Instalments	Amount
1	15/11/2015	14/03/2016	32	£300.00
2	14/03/2016	sold on	63	£300.00
3	14/03/2016	sold on	63	£500.00
4	14/03/2016	sold on	63	£500.00

Our adjudicator didn't uphold Mr C's complaint and thought Provident's checks for the loans went far enough. Mr C disagreed and asked for his complaint to be passed to an ombudsman for review. He didn't think Provident's checks went far enough – and had it done proportionate checks it would have found he was struggling financially.

As Mr C asked for an ombudsman's review, the complaint has been passed to me.

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.

We've set out our general approach to complaints about irresponsible lending - including all the relevant rules, guidance and good industry practice - on our website.

Provident needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr C could repay the loans in a sustainable manner. These checks could consider several different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. In the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Provident should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a level of income);
- the *greater* the number and frequency of loans, and the longer the period during which a customer has been given loans (reflecting the risk that repeated

refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've carefully considered all the arguments, evidence and information provided in this context and what this all means for Mr C's complaint. Having done this, I'm not upholding the complaint. I'll explain why.

Mr C disagreed with the adjudicator's view because he thought Provident's checks didn't go far enough and it should have been aware that he was struggling financially. So, it shouldn't have lent to him.

Provident has told this service about the checks it carried out before approving any of the borrowing. It has said it asked Mr C about his employment status and he confirmed he was employed and had a monthly income of around £1,950 (which included his wages and benefit allowance). Provident also checked Mr C's normal monthly living costs. Mr C declared these as £1,644 per month.

Mr C's history of borrowing with this lender was relatively early on – he had only borrowed from Provident four times over a four-month period. And even though he had to make weekly repayments, the highest combined weekly repayment would have appeared affordable based on the information he had declared to Provident.

For Mr C's first two loans there wasn't anything in the information that Mr C provided which would have given Provident cause for concern, so I think it was reasonable of Provident to have relied on what Mr C told it. I think these factors had an impact on what level of checks would have been appropriate for Provident to carry out. Given these, I think the checks Provident did before lending the loans went far enough and the checks it carried out showed the loans were affordable. So, I wouldn't have expected Provident at this stage to undertake any more in-depth checks.

The information Mr C declared to Provident at the time of loans 1 and 2 may not have been an accurate reflection of his financial circumstances, but I think Provident was entitled to rely on that information. At this stage of the lending relationship, and what Provident knew about Mr C, I wouldn't have expected Provident to verify the information Mr C gave it. This therefore means, I can't say that Provident have done something wrong in lending Mr C these loans.

Mr C took his third and fourth loans out the same day he took out loan 2 and the same day he repaid loan 1. I think this can be a sign of someone who is juggling their finances due to trying to make ends meet. So, I think this ought to have given Provident some cause for concern about what Mr C was telling it about his financial position. I think Provident needed to take steps to verify the information Mr C was providing. And it could have done this in several ways – such as asking to see his bank statements or for copies of his payslips and/or bills.

But in saying this, Mr C hasn't provided us with any additional information – such as a copy of his credit file and/or copies of his bank statements from around the time of lending. So, without any further information, I can't say an error has been made regarding the checks Provident should have done, as I don't know whether it would have thought the loans were unaffordable for Mr C. This means that I can't say that Provident was wrong to have provided loans 3 and 4.

I appreciate that Mr C has put a lot of time and effort into his complaint and my findings are likely to disappoint him. But I hope my explanation will help him understand why I've reached this conclusion.

My final decision

I don't uphold Mr C's complaint and make no award against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 August 2020.

Claire Marchant-Williams
Ombudsman