

The complaint

Miss R says Provident Personal Credit Limited irresponsibly lent to her.

What happened

This complaint is about two instalment loans Provident provided to Miss R between September 2011 and May 2012. Loan 1 was for £200 and was repaid over 50 weekly instalments of £7. Loan 2 was for £250 and was repaid over 60 weeks at £7.50 per week.

Miss R's complaint was reviewed by one of our adjudicators and they didn't think it should be upheld. They thought that whilst Provident should have done further checks, as it wasn't clear those checks would show, they couldn't say Provident was wrong to lend to Miss R.

Miss R didn't agree. She said Provident told her what to write in her income and expenditure amounts on the loan agreements so she could get the loans accepted. She also said Provident's agent was rather intimidating.

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.

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 Miss R 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 Miss R's complaint. Having done this, I'm not upholding the complaint. I'll explain why.

Provident has told this service about the checks it carried out before approving any of the borrowing. It has said it asked Miss R about her employment status and she confirmed she was employed and had a weekly income of between £300 and £350. She also declared her outgoings were between £45 and £67.

Miss R's history of borrowing with this lender was relatively short – she only borrowed from Provident twice over an eight-month period. And even though she had to make weekly repayments, the highest repayment would have appeared affordable based on the information she had declared to Provident.

Looking at what I've been given, there wasn't anything in the information she provided which ought to have given Provident cause for concern. So, I think it was reasonable of Provident to have relied on what Miss R told it. Given this, I think the checks Provident did before lending each loan went far enough and I wouldn't have expected it – at this stage – to undertake any more in-depth checks.

I've noted what Miss R has said about the agent telling her what to put with regards to her income and outgoings – so she could be approved for the loan. But I haven't seen enough evidence to uphold Miss R's complaint on that basis. Miss R signed in agreement that the information she had provided to Provident was true.

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

I've considered everything Miss R has told us – including what she has said about feeling intimidated by Provident's agent. But she hasn't said what exactly the agent did or said to make her feel this way. That's understandable given the time that's passed. I can accept that having an agent in someone's home can feel daunting or uncomfortable but that isn't the same as being intimidated into doing something against someone's will. Overall, I haven't seen enough to uphold this complaint only on what Miss R has said.

I appreciate that my findings are likely to disappoint Miss R. But I hope my explanation will help her to understand why I've reached this conclusion.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 13 August 2020.

Claire Marchant-Williams

Ombudsman