

## **The complaint**

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

## **What happened**

Mr J had one home credit loan with Provident in May 2016. The loan was for £700 with 52 weekly repayments of £24.50.

An adjudicator considered Mr J's complaint but didn't think it should be upheld. Mr J didn't agree, so his complaint was passed to me to decide.

## **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 short-term lending - including all of 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 J could repay his loan in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

I can see that before lending to Mr J, Provident obtained some information about his income and expenditure. Provident recorded that Mr J was employed, with a monthly income of £1,800, plus child tax credits. The total expenditure recorded is a little over £700.

I'm not particularly persuaded by the expenditure information Provident has recorded. A number of key fields, including rent/mortgage and utilities have a value of £0 and the figure of £50 a week for food in a household with children seems too low. Having said this, Provident assumed a monthly disposable income figure for Mr J of £257.91 – so it's clear it made significant adjustments to the expenditure figures provided and didn't just rely on Mr J's declarations.

I think the approach taken to assessing the affordability of this loan was proportionate and reasonable and that it wasn't wrong for Provident to think the weekly loan repayments of £24.50 looked affordable on this basis.

For these reasons, I don't think Provident lent to Mr J irresponsibly and I'm therefore not upholding his complaint.

## **My final decision**

For the reasons given above, I do not uphold Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 September 2020.

Matthew Bradford  
**Ombudsman**