

The complaint

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

What happened

Miss E took out a home credit loan with Provident in November 2006. Our adjudicator explained to Miss E that this loan was granted before Provident (and consumer credit firms generally) came into our jurisdiction. This service is not able to consider anything Provident didn't – or didn't – do prior to 6 April 2007, including Provident's decision to lend to Miss E. So our adjudicator didn't comment on Provident's decision to lend to Miss E in 2006.

Miss E struggled to repay this loan and in December 2010 it was rolled into what Provident calls a 'solve' agreement. This was in effect a new credit agreement which rescheduled the loan to reduce the weekly repayments, but without adding any extra interest when compared to the original agreement. According to the information provided by Provident, the balance of Miss E's loan at this time was £687.85 and under the solve agreement would be repaid at £4.98 per week, rather than the £19.80 per week due under the old agreement.

Our adjudicator didn't think Provident had done anything wrong by rearranging Miss E's loan in this way. Miss E, through her representative, asked for an ombudsman to review her complaint.

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.

As our adjudicator explained, I'm not able to look into Provident's original decision to lend to Miss E in 2006. So I've focussed on whether Provident did anything wrong when it rearranged Miss E's loan in 2010.

I can see that one of Miss E's main concerns is that she feels a repayment plan would have been more appropriate when she got into difficulties repaying the 2006 loan. But I think, in effect, the solve loan was the same as a repayment plan. It had the same characteristics in that it reduced her weekly payments significantly without any additional interest being charged.

It does not look like this solve loan was successful. The repayment history provided by Provident ends in January 2012 with a balance of over £500 still outstanding. I have no information about what happened after that date. But I do not think this means the solve loan wasn't a fair solution to Miss E's financial difficulties – I've no evidence about Miss E's financial situation at the time which would suggest that Provident ought to have realised, from proportionate checks, that the solve loan wasn't an affordable solution.

I realise this will be disappointing for Miss E but I am not able to uphold her complaint.

My final decision

For the reasons given above, I do not uphold Miss E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 25 September 2020.

Matthew Bradford
Ombudsman