

## The complaint

Miss S says Provident Personal Credit Limited lent to her irresponsibly. She says that she couldn't afford the loan repayments. She thinks Provident should've seen this and not lent to her.

## What happened

This complaint is about five home collected loans Provident provided to Miss S between February 2006 and January 2014.

| loan number | date started | amount borrowed | term (weeks) | date ended  |
|-------------|--------------|-----------------|--------------|-------------|
| 1           | 18/02/2006   | £200            | 55           | 03/03/2007  |
| 2           | 17/06/2006   | £100            | 55           | 21/07/2007  |
| 3           | 20/07/2013   | £100            | 14           | 08/10/2013  |
| 4           | 03/10/2013   | £300            | 32           | 07/01/2014  |
| 5           | 04/01/2014   | £500            | 32           | outstanding |

Provident has looked at the complaint. It said that loans 1 and 2 are outside of the Financial Ombudsman Services jurisdiction. It thought loan 3 was lent responsibly. But it offered to pay compensation in respect of loans 4 and 5.

Our adjudicator thought that the way Provident has offered to resolve the complaint was fair.

Miss S disagreed with the adjudicator's opinion. She said that she should receive compensation for all of the lending.

As no agreement has been reached the complaint has been passed to me, an ombudsman, to issue my final decision.

## 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 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 Miss S could repay the loans 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.

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 particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time 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 decided that the offer Provident has made to resolve Miss S' complaint is fair. I'll explain why below.

To look at a complaint about this type of credit I need to be satisfied that at the time of the sale it was a product that was regulated. But this type of credit wasn't regulated until April 2007. So, this means I can't consider any of this lending before this date because in terms of the rules which govern the ombudsman service, it wasn't a regulated product that this service can investigate.

And from the table above, loans 1 and 2 were approved before April 2007. So, I don't have the power to make a finding as to whether loans 1 and 2 were suitable (or not) because they were issued at a time when this service didn't have jurisdiction to consider such complaints. So to be clear, I can't consider whether Provident did something wrong about loans 1 and 2.

Provident has offered to pay compensation about loans 4 and 5. And this compensation is the same as I would award if I were to uphold this complaint. So, I don't think there is any ongoing disagreement about these loans and I won't be making a decision about them. I have said that Provident should pay this offer if Miss S accepts my decision.

So I'm only looking at loan 3 as part of this decision.

Provident says that the information Miss S provided when she completed her loan application showed she had a disposable income of around £170 per week. It would've been reasonable for Provident to think that the weekly repayments of £10 were affordable for Miss S.

I haven't seen any further information that shows its likely Provident was made aware of any financial problems Miss S might've been having. Or anything that would've prompted it to investigate her circumstances further. Miss S hasn't said that this information is incorrect or why she couldn't afford the repayments. Because of this I think it was reasonable for Provident to rely on the information it obtained.

So overall, in these circumstances, I think the assessment Provident did for loan 3 was proportionate. And I think its decision to approve this loan was reasonable. I'm not upholding Miss S' complaint about it.

I appreciate Miss S may know other people in similar situations who may have received different compensation. But I have to look at each complaint individually and I'm confident this is the right outcome for this complaint.

### **Putting things right**

If Miss S accepts my decision, then Provident should update and pay the offer it has made for loans 4 and 5.

### **My final decision**

For the reasons I've explained, I'm not upholding Miss S' complaint. I think the offer Provident made to resolve this complaint before the complaint was brought here was reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 9 December 2020.

Andy Burlinson  
**Ombudsman**