

The complaint

Ms E says Provident Personal Credit Limited lent to her irresponsibly. She says that Provident didn't take her whole financial situation into account before lending.

She also says that Provident didn't act reasonably when she couldn't afford to make the loan repayments.

What happened

This complaint is about one home collected loan Provident provided to Ms E in September 2016. Miss E borrowed £600. She was due to repay £30 each week for 32 weeks.

Ms E had repayment problems fairly soon into the loan term and I can see that the account was transferred to a third-party collection agency in 2017.

Our adjudicator didn't uphold the complaint. Ms E disagreed with the adjudicator's opinion, she still thought that the loan was lent irresponsibly.

As no agreement has been reached the complaint has been passed to me, an ombudsman, to make a 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.

Ms E has said that some of the third party collection agency's actions may not have been appropriate. I can only look at the actions of one business in a complaint. And this complaint is against Provident. So I can't look at what the third party collection agency may, or may not have done, as part of this complaint.

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 Ms E 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.

Why I think Provident's checks were proportionate

I've seen a record of the information Ms E provided when she completed her loan application. Ms E said she had a weekly income of around £270 and she had regular weekly outgoings of around £100. This left her with a disposable income of around £170 each week. So, it would have been reasonable for Provident to think that she could afford the loan repayments.

I haven't seen any further information that shows its likely Provident was made aware of any financial problems Ms E might've been having. Or anything that would've prompted it to investigate her circumstances further. It says the credit file information it saw didn't show any signs of significant problems. So, 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 before approving this loan was proportionate. And I think its decision to approve this loan was reasonable.

I haven't seen any evidence that Provident's actions, or inactions, were the main reason why Ms E couldn't make the loan repayments. And as the repayments were missed for some time before the loan was passed to a collection agency I'm not persuaded Provident was acting incorrectly when it did this.

Overall, I'm not upholding Ms E's complaint. I can see she feels very strongly about it and I'm sorry if my decision causes any upset. But I hope my explanation is helpful.

My final decision

For the reasons I've explained, I don't uphold Ms E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 30 November 2020.

Andy Burlinson
Ombudsman