

## The complaint

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

## What happened

This complaint is about two home credit loans Provident provided to Mr O between June and October 2016. Mr O's first loan was for £200 and was repaid in instalments of £13 per week. The second loan was for £500 and was repaid in weekly instalments of £30.

Our adjudicator didn't uphold Mr O's complaint and thought Provident's checks for the loans went far enough. Mr O disagreed and asked for his complaint to be passed to an ombudsman for review.

As Mr O asked for an ombudsman's review, the complaint has been passed to me.

## 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 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 O 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 Mr O'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 Mr O about his employment status and he confirmed he was employed and had a weekly income of between £300 and £450. Provident also checked Mr O's normal weekly living costs. Mr O declared these as between £95 and £110 per week. So, on the face of it, the loans looked affordable and there doesn't appear to be anything in that information that ought to have prompted Provident to do further checks.

Mr O has provided a copy of his credit report and this shows that at the time he took out these loans he had several defaults and outstanding debts. He was also in a few debt management plans. But Mr O was very early on in his lending relationship with Provident. He only borrowed two loans within a four-month period. So, I wouldn't have expected Provident to carry out further checks at such an early stage in the borrowing relationship and as such, it wouldn't have been aware of Mr O's financial difficulties. And even though Mr O had to make weekly repayments, the highest combined weekly repayment would have appeared affordable based on the information he had declared to Provident.

So, I think it was reasonable of Provident to have relied on what Mr O told it. I think these factors had an impact on what level of checks would have been appropriate for Provident to carry out. Given these, I think the checks Provident did before lending either of the loans went far enough and the checks it carried out showed the loans were affordable. So, I wouldn't have expected Provident at this stage to undertake any more in-depth checks.

The information Mr O declared to Provident at the time of taking the loans out may not have been an accurate reflection of his financial circumstances, but I think Provident was entitled to rely on that information. At this stage of the lending relationship, and what Provident knew about Mr O, I wouldn't have expected Provident to verify the information Mr O gave it. This therefore means, I can't say that Provident have done something wrong in lending to Mr O.

I appreciate that Mr O has put a lot of time and effort into his complaint and I'm sorry to hear about Mr O's health problems and financial difficulties. And I know my findings are likely to disappoint him. But I hope my explanation will help him understand why I've reached this conclusion.

### **My final decision**

I don't uphold Mr O's complaint and make no award against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 11 February 2021.

Claire Marchant-Williams  
**Ombudsman**