

The complaint

Mrs D says Provident Personal Credit Limited, irresponsibly lent to her. She says that Provident didn't carry out in depth checks before lending. If it had made these checks it would've seen that the lending wasn't affordable.

What happened

This complaint is about two home collected loans Provident provided to Mrs D between November and December 2007. Some of the information provided to me about the lending is in the table below.

loan number	date started	amount borrowed	term (weeks)	date ended
1	17/11/2007	£300	56	16/12/2008
2	29/12/2007	£300	56	16/12/2008

Our adjudicator partly upheld Mrs D's complaint and thought that loan 2 shouldn't have been given. Provident agreed with our adjudicator and made an offer to settle the complaint on this basis.

Mrs D agreed with this at first but then she asked that an ombudsman look at loan 1. So, the complaint has been passed to me to make a decision about this lending.

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. Broadly speaking, this all means that Provident needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice, this means it should have carried out proportionate checks to make sure Mrs D could repay her loans in a sustainable manner. Additionally, there may come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Applying this to the circumstances of this particular complaint, I have reached the same outcome as our adjudicator, for essentially the same reasons.

Provident accepted our adjudicator's opinion about loan 2. Because of this I don't think there is any ongoing disagreement about this loan. So, I won't be commenting about it further. I have included this loan in the putting things right section below.

For loan 1 Mrs D needed to repay £9 a week for 56 weeks. Both sides haven't been able to provide detail about what Mrs D said her income was at the time at sale. This is understandable given the passage of time since the loan was approved. But Provident has said

that it thought the loan was likely to have been affordable for her, and this doesn't seem unreasonable.

I haven't seen any further information that shows that Provident was made aware of any financial problems Mrs D was having. Or anything that would've prompted it to investigate Mrs D circumstances further. So, I think it was reasonable for Provident to rely on the information it would've obtained for loan 1.

Mrs D has provided some information that shows she was having difficulty with her mortgage provider around the same time these loans were started. So I can accept that Mrs D wasn't always entirely on top her finances. But I've not seen any persuasive information that Provident knew about this at the time, or that this would've necessarily led to Provident not lending.

Overall, in these circumstances, I think it's likely the assessment Provident did before approving loan 1 was reasonable. So, I also think Provident's decision to approve this loan was reasonable and I'm not upholding Mrs D's complaint about it.

Putting things right

Provident shouldn't have given Mrs D loan 2.

A) Provident should add together the total of the repayments made by Mrs D towards interest, fees and charges on this loan, including payments made to a third party where applicable, but not including anything it has already refunded.

B) Provident should calculate 8% simple interest* on the individual payments made by Mrs D which were considered as part of "A", calculated from the date Mrs D originally made the payments, to the date the complaint is settled.

C) Provident should pay Mrs D the total of "A" plus "B".

D) Provident should remove any adverse information it has recorded on Mrs D's credit file in relation to loan 2. If Provident has sold this loan Provident should ask the debt purchaser to do the same.

*HM Revenue & Customs requires Provident to deduct tax from this interest. Provident should give Mrs D a certificate showing how much tax it has deducted, if she asks for one.

My final decision

For the reasons given above, I'm partially upholding Mrs D's complaint.

Provident Personal Credit Limited should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 December 2020.

Andy Burlinson
Ombudsman