

The complaint

Ms J says Provident Personal Credit Limited lent to her irresponsibly. She says that she struggled to make the repayments to the loans on top of her other bills. She needed to borrow from other places to make ends meet during this time. And she says Provident used information about her circumstances that wasn't entirely accurate in order to approve the loans.

What happened

This complaint is about three home collected loans Provident provided to Ms J between December 2019 and May 2020.

loan number	date started	amount borrowed	Term (weeks)	date ended
1	09/12/2019	£200	26	01/05/2020
2	20/02/2020	£160	52	outstanding
3	21/05/2020	£200	26	outstanding

Our adjudicator didn't uphold the complaint. She thought the checks Provident had made were proportionate and the checks show that Ms J was likely to be afford the repayments she was committed to making.

Ms J asked that an ombudsman review her complaint. As no agreement has been reached 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.

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 J 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 not to uphold Ms J's complaint and I've explained why below.

For loans 1 and 3 Ms J needed to repay £12 a week. Loan 2 was around £6 a week. I've seen a record of the information Ms J provided when she completed her loan applications. Ms J said she had a monthly income of between £900 and £1,200. After looking at her expenses this left her with a weekly disposable income of between £70 and £180. So, the loan repayments would've seemed affordable to Provident.

I haven't seen any further information that shows its likely Provident was made aware of any financial problems Ms J might've been having. Or anything that would've prompted it to investigate her circumstances further.

Ms J says that some of the information Provident used may not have been entirely correct. But from what I've seen Provident verified her income and took details about her expenditure that don't look unreasonable to me. And it hadn't yet reached the points where Provident needed to fully verify the information Ms J was providing. And Ms J hasn't provided further detail about why the information Provident had wasn't correct. So I'm not upholding her complaint for this reason.

So, overall, I think it was reasonable for Provident to rely on the information it obtained. And I think the assessments Provident did for these loans were proportionate. And I think its decisions to lend for loans 1 to 3 were reasonable. I'm not upholding Ms J's complaint about them.

My final decision

For the reasons set out above, I don't uphold Ms J's complaint.

Provident Personal Credit Limited should put things right by doing what I've said above. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 16 February 2021.

Andy Burlinson
Ombudsman