

## The complaint

Miss T says Provident Personal Credit Limited irresponsibly lent to her. She says that Provident approved loans when it was aware that she couldn't afford to make the repayments.

She also complains that Provident acted inappropriately when she fell behind with her repayments. She says this made her very anxious.

## What happened

This complaint is about three home collected loans Provident provided to Miss T between January 2016 and July 2016.

loan number	date started	amount borrowed	term (weeks)	date ended
1	11/01/2016	£200	14	21/03/2016
2	15/03/2016	£300	23	05/07/2016
3	20/07/2016	£400	32	outstanding

Before the complaint was brought to this Service Provident made an offer of compensation in respect of loans 2 and 3. It based this on a refund of interest (plus interest) for these loans. It used this amount to reduce the capital balance Miss T owed on loan 3. Once this calculation was done Miss T had a modest amount still to pay for loan 3. Provident agreed to waive this.

Miss T didn't accept this offer.

Our adjudicator didn't uphold the complaint. He thought the offer Provident made for loans 2 and 3 was fair. He didn't think Provident was wrong to approve loan 1 and he didn't have enough to say that it had acted incorrectly when Miss T had fallen behind with her repayments for loan 3.

Miss T disagreed with the adjudicator's opinion. She said that she shouldn't have been lent loan 1 and that she felt she was put under significant pressure by the Provident agent when she couldn't make the loan repayments.

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.

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 Miss T 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 has agreed that loans 2 and 3 shouldn't have been approved. Having looked at how it calculated compensation for these loans I think what it has offered to do, that is write off the outstanding balance for loan 3, is fair and reasonable and is similar to the compensation I would award if I were to uphold the complaint about those loans.

So, I won't consider if these loans were lent irresponsibly. I'm only looking at whether Provident should have approved loan 1 in detail.

For loan 1 Miss T needed to repay £20 a week for 14 weeks. I've seen a record of the information she provided when she completed her loan application. Miss T said she had a weekly income of around £450. So even without detailed information about her expenditure, Provident would've likely thought the loan was affordable.

As this was the first loan Miss T was taking with Provident, I think it was reasonable, in this case, for it to rely on this information given the proportion of the amount being borrowed in relation to what she declared as her monthly income.

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

So overall, in these circumstances, I think the assessment Provident did for loan 1 was proportionate. And I think its decision to lend was reasonable. I'm not upholding Miss T's complaint about it.

Miss T has said that she felt under duress when she fell behind with the loan repayments. I've no reason to doubt what she says about how difficult things were for her at this time of life. I hope this has improved for her.

But in order to uphold her complaint I would need to see that Provident was acting incorrectly when it contacted her about the repayments. But I haven't seen enough for me to say that this was the case here. And I have to bear in mind that it is entitled to request repayment of the loan amounts. So, I'm not upholding this part of Miss T's complaint.

### **Putting things right**

If Miss T accepts my decision then Provident should implement the offer it has made in respect of loans 2 and 3 and confirm that any outstanding amounts for loan 3 have been written off.

### **My final decision**

For the reasons set out above, I don't uphold Miss T'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 Miss T to accept or reject my decision before 19 March 2021.

Andy Burlinson  
**Ombudsman**