

The complaint

Mr S says Provident Personal Credit Limited (Provident) hasn't been able to send an agent round to collect his loan repayments. This has led to him being unable to repay his loan, which in turn has led to the loans being passed to a third-party collection agency.

Mr S thinks that Provident are acting outside of the mutual contract when it didn't send around an agent. And so, he shouldn't need to repay the loan in full.

What happened

Mr S took his first loan with Provident on 20 July 2014. He borrowed £650 over a term of 52 weeks. This loan was fully repaid in July 2015.

Mr S took his second loan in November 2015. This had a term of 63 weeks and Mr S was due to repay £30 each week over this time period.

According to the information that Provident has supplied Mr S was able to pay the agreed amount for the first few months. He then had problems making the repayments early in 2016. He missed some repayments in March 2016 and then regularly started repaying £5 a week shortly after this time, with the occasional £10. Most of these were to the agent but Mr S paid by card to a Provident central office on a number of occasions.

I understand that In June or July 2017 Provident was unable to send round an agent to collect Mr S' weekly repayment. As far as I can see, Mr S hasn't made any repayments to his loan since this point.

Mr S' outstanding loan has recently been passed to a third-party collection agency. Provident still owns this loan. And Provident is no longer actively trading. Because of this it is only able to take payments by telephone or online.

Mr S has made an earlier complaint about the customer service he has received. This was in relation to incorrect information about his outstanding loan balance. Provident has accepted that it could've done better at times in this respect and has reduced his outstanding loan balance by £150 as compensation. This earlier complaint doesn't directly impact on the issues raised here.

Our adjudicator didn't uphold the complaint. She said that:

- It was reasonable that the collection of the remaining loan balance was passed to a third-party in 2019.
- Provident now no longer offers an agent collection service. And the Financial Ombudsman Service cannot compel it to do so.
- The alternative repayment options Provident has offered are reasonable. Some of these are not dependent on Mr S having a bank account.

Mr S disagreed with the adjudicator's opinion. He said that:

- It wasn't fair to pass his loan to a third-party collection agency as he has been repaying it.
- It is a breach of contract not to offer a collection service.

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.

When Mr S took the loan with Provident, as he is aware, a mutual contract was formed. Provident agreed to lend the money and Mr S agreed to repay the capital back, plus interest, within a certain timeframe. I've been provided with a copy of this contract and the related terms and conditions of the lending.

I can see that the contract does refer to Provident collecting the weekly repayments using an agent. But the terms and conditions of the lending also refer to Provident using other methods of payment collection at times. Particularly, when a loan has not been repaid within the agreed schedule, which is what has happened here. So, I don't think that Provident was acting outside of the contract when it didn't offer a collection service after 2017.

Added to this, as I've mentioned above, Mr S was unable to make the agreed repayments to the loan from relatively early on. This was when he was still seeing an agent on a regular basis. And he effectively ceased to repay the loan from 2017 onwards.

It follows that I don't think the repayment problems in the early part of the loan were due to any action or inaction on the part of Provident. And Provident has tried to facilitate repayment of the loan by various other means since that time. I can see that Mr S has used these, such as the repayments he made by card.

So, it's not clear to me how Provident being unable to provide an agent to collect his payments affected Mr S' ability to repay the loan. He was already having problems with this a significant time before Provident was unable to do this. And he could pay by other means. So, I don't think it's reasonable to say that Mr S was prevented from making his loan repayments by Provident.

Given all of this I don't think that Provident has acted unfairly in taking the steps it has done to recover the loan amounts. This includes asking a third-party agent to assist with this.

Going forward Provident and Mr S should try to agree a repayment plan if possible. I would remind Provident of its responsibility to treat Mr S fairly in this respect.

My final decision

For the reasons set out above, I don't uphold Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 September 2021.

Andy Burlinson

Ombudsman