

The complaint

Mr W complains Provident Personal Credit Limited (“Provident”) sold his outstanding balance due on a loan to a third-party collection agency, even though he was making the repayments that he had agreed to pay.

What happened

Mr W took a £1,000 loan on 12 April 2019. He was due to make 104 weekly repayments of £23. However, Mr W appeared to get into difficulties, and his payments became sporadic. But it seems an agreement was put in place to pay £25 every other week.

Mr W says he tried to make a payment on 3 June 2021 but wasn’t able to. It also seems that Mr W’s account couldn’t be located by Provident. He subsequently raised a complaint. Provident, issued a final response letter (FRL) on 19 June 2021 not upholding his complaint.

Provident explained that as Mr W hadn’t maintained the contracted rate and frequency of payment it had made a decision to transfer the account to a third-party collection agency. It was for this reason that the payment was unsuccessful.

Mr W, unhappy with this response, referred his complaint to our Service. In his complaint form, he told this Service that he never heard from Provident and the agent hadn’t turned up to collect the money. He also says that his bank statements show payments were going out of his account every two weeks.

Our adjudicator considered the complaint and felt it shouldn’t be upheld. She said the statement of account showed the loan account was in arrears and so it wasn’t wrong of Provident to pass the outstanding loan balance to a third party.

Provident appear to have agreed with the adjudicator’s assessment.

Mr W didn’t accept the adjudicator’s assessment and he asked for the complaint to be looked at again.

As no agreement has been reached, the case has been passed to me for a final decision.

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.

The crux of Mr W’s complaint is that he feels its unfair that Provident passed his account to a third-party debt collection agency, when he had been maintaining his payments of £25 every other week.

I think its worth noting, that when Mr W took the loan he agreed to pay Provident £23 each week for 102 weeks. And it is clear to me, based on the statement of account provided to

this Service by Provident, that Mr W's payments have been fairly sporadic to Provident during this time.

For example, Mr W doesn't make any repayments towards the loan in September 2019, December 2019, March 2020, April 2020, September 2020 and December 2020. And outside of these dates, payments weren't always being made weekly, and for the contractual amount.

I can see, that from January 2021, Mr W had been paying Provident £25 almost every other week, before Provident took the decision to pass the loan balance to a third party.

But I do agree with Provident here about Mr W's repayments. While Mr W had been broadly sticking to the £25 every other week, he was significantly in arrears on the loan account and as I've shown above, there were periods of time when no payments were made at all.

The Cash Loan product explanation that would've likely been made available to Mr W at the time the agreement was entered into says;

"You should, however, be aware that missing payments could have other serious consequences including termination for the Agreement, the selling of your account and even court proceeding by the account purchaser".

The above statement is in relation to late payments and / or missed payments and is also echoed within the terms and conditions of the loan account, that can be found in the credit agreement.

In this instance, I'm satisfied that Mr W hadn't been able to make his contractual weekly repayments for some time, and the supplementary information is clear that Provident, can, if it wishes pass the loan account to a third party collection agent – which is what it has done. This means, that unfortunately, I'm not able to uphold the complaint because I can't see that Provident has done anything wrong when it passed the loan to a third party.

I'm not upholding Mr W's complaint.

It's also worth noting, from the statement of the account that it doesn't appear Mr W has been charged extra interest, fees or charges as a result of the way the loan has been repaid to date. But, now that Mr W's account has been passed to the third party, he may want to consider agreeing a suitable repayment plan with the company. Provident will no longer collect payments towards the outstanding balances that is due.

I appreciate Mr W will be disappointed by the outcome that I've reached, but I do hope my explanation has been useful for him to understand why I've reached the outcome that I have.

My final decision

For the reasons I've explained above, I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 10 December 2021.

Robert Walker
Ombudsman