

The complaint

Mrs L complains Provident Personal Credit Limited (“Provident”) has reported adverse loan information on her credit file despite making payments each month and settling the loan early. Mrs L says the adverse credit file data is preventing her from obtaining a mortgage.

What happened

This complaint is about adverse information which was reported on a loan that was taken out in January 2020. Mrs L borrowed £2,000 to be repaid by 104 weekly repayments of £46. Mrs L says she had an agreement in place with the agent to pay monthly, in order to fit in with her pay cycle. I can see that the loan has been closed because Mrs L repaid the loan early with a payment that was made around 1 December 2020.

However, following the loan being repaid Mrs L discovered that adverse information was reported to the credit reference agencies. Unhappy with this, she raised a complaint with Provident.

Provident, issued a final response letter (FRL). Provident didn’t uphold her complaint. It explained that Mrs L was in arrears not necessarily because of missed or late payments but due to the amount that she was paying. As a result, it recorded adverse information on her credit file. So Provident didn’t think it had made an error.

Mrs L, unhappy with this response, referred her complaint to our service. Our adjudicator considered the complaint and didn’t uphold it. She explained that the amounts Mrs L was paying weren’t sufficient each month to keep on top of the payments. And by the end of October her account was sufficiently in arrears for information to be reported to the credit reference agencies.

Mrs L didn’t agree with the outcome. In summary she said;

- she was misinformed about how the loan could be repaid;
- payments were made a day or so late, but this was due to Mrs L being away. This has created significant knock on effects and
- payments were not missed, and Provident is reporting incorrect information on her credit file.

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.

Irresponsible Lending

After Mrs L brought her complaint about the credit file to this service, she provided further information about the cost of the loans and the time she has spent indebted to Provident.

Mrs L agreed to continue with her complaint about the credit file due to the current legal position with the lender. I therefore make no finding on whether anything went wrong when the loans were approved.

Credit file

The crux of this complaint is about adverse marker recorded on Mrs L's credit file. Looking at the screen shot of the credit file that Mrs L has provided, I can see the loan account is up to date until November 2020, when Provident has reported a '1'. Indicating that Mrs L was now at least four weeks in arrears with her repayments. This could be a result of not making a payment, or due the accumulation of arrears. And then the account is marked as closed from December – with no other adverse markings being reported.

Mrs L has explained, in quite a lot of detail, the problems she says the missed payment marker is having on her ability to obtain a mortgage. I'm sorry to hear about these problems and the knock-on effect this is having. But for this Service to be able to ask Provident to remove the missed payments we have to be satisfied the information is being recorded as a result of an error, made by Provident. Based on what I've seen I'm not convinced that it has. So, like the adjudicator I'm not upholding the complaint and I've explained why below.

As I've said above, Mrs L took out a £2,000 to be repaid by weekly repayments of £46. Mrs L agreed to these terms by accepting the credit agreement that set out this information. However, Mrs L says that due to her pay cycle she agreed with the agent that she'd pay Provident monthly. This does appear to be something that Provident offers its customer's. So, depending on the number of payment weeks in a month Mrs L would need to pay between £184 and £230 per month.

I can see from the evidence provided by both Provident and Mrs L that she did make monthly repayments towards her loan. So, it doesn't appear that the '1' recorded on her credit file was a result of a missed payment in any one month. The payments that I can see in her bank statements are reflected in the payments credited to her account by Provident, so there are no missing payments.

However, there are some discrepancies in the dates the repayments were made. For example, Mrs L made a payment of £200 and the statement of account provided by Provident shows this was credited to her loan on 30 September 2020. Whereas Mrs L's bank statement shows that the payment cleared her account on 1 October 2020.

A similar pattern appears to have happened most months. Provident's statement of account shows that £250 was credited to her account on 31 October 2020 whereas the payment is showed on the bank statement screen shot of clearing on 2 November 2020.

It isn't clear why there is this discrepancy, part of it could be down to delays in payment processing caused by the weekend. For example, the 2 November 2020 is a Monday and so it's entirely possible the payment was originally made on 31 October 2020 – which is the date Provident has marked the payment as being received by.

However, whatever the reason for the discrepancy, doesn't in my mind affect the outcome of this case. This is because, the difference in payment is around a day or so, and actually, the dates Provident have recorded are the last working day of the month, which I understand to be Mrs L's payday. And, I'm satisfied, based on the payment history provided by Mrs L and Provident that she was making monthly repayments.

However, making monthly repayments on its own wasn't enough to prevent the account from going into arrears. The repayments needed to be of a sufficient value to meet the amount that was due to be paid.

Provident's statement of account shows that Mrs L was on top of her payments but fell into arrears in April 2020. When a payment of £100 was credited to her account on 1 May 2020 but she was still arrears by over a week's worth of payments. Then at the end of May a further payment of £100 was paid, but a further amount of £184 became due. So even after the payment that Mrs L made at the end of May she was now around 3 weeks in arrears. Over time, these arrears grew as a result of the monthly payment amount not being sufficient.

Mrs L was already in arrears at the start of July by around £166. During this month, five payments were due, meaning that she needed to pay £230. But Mrs L paid £200, the effect of this was that Mrs L's account went a further £30 into arrears – which is almost 4 weeks' worth of repayments. A similar pattern continued, with Mrs L making repayments, but not really making headway into the weekly arrears that had accrued.

So, while Mrs M did make payments each month, she wasn't always paying enough to clear the amount she owed Provident and to start making headway into the arrears that she had.

Provident said, that when she entered arrears, it sent Mrs L letters letter her know. I've not seen enough to suggest a letter was sent in May 2020. But I've seen supplied evidence that it sent a letter at the end of October 2020 explaining the account was in arrears. I know Mrs L says the letter wasn't received but based on what I've seen I'm satisfied one was sent.

Overall, looking at what has happened, Mrs L was making monthly payments, but these weren't always sufficient to prevent the account from going into arrears (or to bring the account out of arrears). It also seems that Provident didn't report all the arrears straightaway, it seemed it waited until Mrs L was more than 4 weeks in arrears before it reported this to the credit reference agencies.

So, while I understand Mrs L frustration about what has happened, I'm not able to uphold her complaint. I appreciate this isn't the outcome that Mrs L was hoping for but based on what I've seen, I'm not able to conclude Provident has made an error. Therefore, I'm not able to ask it to make adjustments to Mrs L's credit file.

My final decision

For the reasons I've explained above, I'm not upholding Mrs L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 5 November 2021.

Robert Walker
Ombudsman