

The complaint

Ms M complains that the interest for the loans she took was too high, she's unhappy with this and she wants a refund.

What happened

Ms M appears to have had two complaints running at the same time. I explain a little here in order to place the one complaint I am dealing with in context.

Jurisdiction

Ms M had 13 loans with Provident. Our adjudicator has issued a letter to each party on jurisdiction – that is – which loans he can look into. He said he could only look at loans 8 to 13. As this was dealt with separately I say no more about this and its mentioned here as part of the background.

First complaint

Ms M claimed that the 13 loans she had received were irresponsibly lent and Provident upheld that complaint in part by way of its final response letter (FRL) dated 6 January 2021. In that FRL it accepted that two loans were ones where it ought to have carried out additional checks (Loans 8 and 13 taken 9 February 2016 and 4 August 2016), and it offered to make a refund on those two loans (£589.42).

As it is entitled to do, Provident then off-set the planned refund amount against the monies Ms M owed to Provident. That left Ms M with an outstanding balance of £569.08. It then said it would write off the remaining balance leaving her with a zero balance, nothing else to pay and the accounts closed. It looks like Provident did this.

Ms M has expressed dissatisfaction at that resolution but I'm not dealing with that complaint here. Ms M will have to approach Provident directly about it as Provident's legal status has altered recently and we are not able to deal with all the complaint types which are referred to us.

Second complaint

The other complaint which I am dealing with here, related to the same set of 13 loans but is about a different point. It relates to the interest charged.

Provident issued a different FRL for that complaint dated 8 February 2021. In it Provident explained that the agreements would have been signed by Ms M, that the agreements all confirmed the loan amounts, the total amount payable (which included the interest on that loan plus other costs) and she would have received a 'product explanation' and copies of the agreements.

Provident pointed out the 'right to withdraw' element of the agreements which Ms M could have invoked if she'd wanted to after the agreements were signed (within certain time limits). So Provident did not agree with her complaint.

Ms M referred it to this Service and one of our adjudicators explained that he'd be looking at some of the loans originally approved for her – loans 8 to 13 - and as Provident had already upheld her irresponsible lending claim for loans 8 and 13, our adjudicator explained he'd be looking at loans 9 to 12.

He looked at the agreements, copies of which appear to have been sent to Ms M, and thought that the interest rates were clear. He did not think that Ms M was unaware of them. He did not uphold her complaint.

Ms M asked for the complaint to be looked into further. She said that even if the interest rates were in the agreement it must have been very small print as she was not aware the interest rate was that high.

The complaint remained unresolved and was passed to me to decide.

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.

Our adjudicator explained to Ms M that from the information Provident had sent to him for loans 9 to 12, he could see the loan agreements clearly stated the amounts Ms M was borrowing, the repayments she was expected to make, and the interest rates Provident was charging for these loans.

I have reviewed all those copy agreements and I have come to the same view. I cannot replicate in this decision how the agreements were set out but if Ms M asks our adjudicator I am sure that he can send to her copies of the agreements he has.

My review of the agreements means that I can read the fixed sum loan approved. Each of the agreements I have seen had similar layouts. For example, in June 2016 it was £400. The sections following it explained what that meant for Ms M as the party to the agreement. It stated that the agreement was for 63 weeks and the weekly repayments would be £12.

The section of the agreement under those details said:

*'The total amount you will have to pay.
This means the amount you have borrowed plus interest and other costs'*

Next to that box was the figure '£756.00'

And under that were additional sections explaining that the *'flat rate of interest'* was *'73.50% per annum (fixed)'* and then a separate box to explain *'APR'*.

I do not think that the writing was any smaller than other parts of the document up to that point apart from the obvious headings in the agreement where the type face was a little larger.

So, I do think that the agreement was satisfactorily clear. I am satisfied that Ms M received copies as I have correspondence from Provident to show that the agreements were sent to her. Ms M recalls receiving a *'green sheet of paper'* when she took a loan which I think likely was an example of her receiving the 'customer copy'.

Overall, I am not persuaded that Ms M took these loans without knowing or being aware of the interest rates. And if she did have any questions about the rate at the time she took the loans, I anticipate that she could have asked the Provident agent and/or exercise her right to withdraw and/or speak to Provident to ask for more information.

I do not uphold Ms M's complaint.

My final decision

My final decision on the complaint relating to the interest rates is that I do not uphold it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 6 December 2021.

Rachael Williams
Ombudsman