

The complaint

J complains that Provident Personal Credit Limited (“Provident”) didn’t accept a promissory note he sent it.

What happened

J took out a loan with Provident in November 2020. Shortly afterwards, J sent Provident a promissory note. The note showed that J promised to pay £338.60 towards the balance of the loan. J also gave Provident 14 days to respond, otherwise he would assume its acceptance of the note as payment.

Provident didn’t accept the promissory note as payment. Unhappy with matters, J complained. Provident reviewed things but didn’t think it had treated J unfairly. It explained that a promissory note wasn’t a form of legal tender, and therefore not an acceptable form of payment in line with the terms of the agreement.

It did, however, reference that J said he’d been told by an adviser that a week’s worth of payments would be waived during a call. So, it said it would reduce the balance owing on the account by £10.80 in light of this. J remained unhappy with Provident’s response and reiterated it hadn’t responded to him within 14 days. He brought his complaint to this service.

One of our investigators reviewed matters and didn’t think J’s complaint should be upheld. He explained that a promissory note was just a promise to pay a sum of money at an unspecified date. He acknowledged that whilst Provident didn’t respond to J within 14 days, it also didn’t agree to accept the note as payment either.

Provident didn’t dispute our investigator’s findings, but J did, and mostly repeated his earlier points. As an agreement couldn’t be reached, the case has come 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.

J feels strongly about the promissory note and has said Provident should accept it in line with the Bills of Exchange Act 1882. I’ve taken this into consideration, as well as J’s other reasoning about why the note should be accepted. However, I don’t agree that Provident is under any obligation to accept J’s promissory note. I’ll explain my reasons why.

As our investigator explained, the promissory note J provided isn’t actually money. It’s a promise to pay a sum of money at some point in the future. Provident doesn’t have to accept this as a form of payment, over any binding agreement it holds with J already. Indeed, it’s explained that the note isn’t an acceptable form of payment in line with the terms of the agreement, which J signed at the point the loan was given to him.

J said Provident didn’t respond to the note within the 14 days specified, therefore he considers that Provident accepted the note. But I’m afraid I don’t agree with J here. I don’t

think the fact that Provident didn't respond within 14 days means it accepted the note. Provident explained it was still reviewing matters during that period. And, it has since clearly explained it doesn't accept the note as a form of payment and its reasons why.

I know J feels strongly about this complaint. However, for the reasons outlined above, I don't think Provident has treated him unfairly by not accepting the note. And, as I understand it, it has clearly explained alternative methods of payment towards his loan which it will accept. In doing so, I think it has treated J fairly and it follows that I won't be upholding J's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 8 December 2021.

Hana Yousef
Ombudsman