DRN-3244617

Financial Ombudsman Service

## The complaint

Ms H complains that Provident Personal Credit Limited unfairly applied adverse payment markers on her credit file during the COVID – 19 pandemic and when she was on furlough.

## What happened

Ms H was provided with nine home collected from Provident and I've outlined the lending below from information given to the Financial Ombudsman by Provident;

| loan number | loan amount | agreement date | repayment date | term (weeks) |
|---|---|---|---|---|
| 1 | £300.00 | 30/01/2018 | 06/06/2018 | 26 |
| 2 | £1,000.00 | 31/05/2018 | 19/12/2018 | 52 |
| 3 | £100.00 | 13/09/2018 | 06/03/2019 | 52 |
| 4 | £1,250.00 | 15/12/2018 | 07/08/2019 | 78 |
| 5 | £1,000.00 | 05/03/2019 | 21/10/2020 | 104 |
| 6 | £1,950.00 | 01/08/2019 | written off | 104 |
| 7 | £680.00 | 21/11/2019 | | 104 |
| 8 | £1,000.00 | 15/10/2020 | | 104 |
| 9 | £900.00 | 03/11/2020 | | 104 |

Provident has informed the Financial Ombudsman Service that as of 21 December 2021 it wrote off the outstanding balances due on loans 6 – 9 and updated Ms H's credit file to show these loans have been partly settled.

Ms H says that she agreed reduced repayments with Provident in April 2020 as a result of the COVID-19 pandemic. However, Provident has recorded missed payment markers on her credit file.

Following a complaint to Provident, it issued its final response letter, in August 2021. It explained that repayments had been made to it on time up until March 2020. It then said Ms H either didn't make payments or made partial repayments from 20 March 2020 to 14 July 2020.

After this date, it could see Ms H returned to her contractual repayment amounts. Provident concluded the missed payment markers it had recorded were correct, because these were an accurate reflection of how Ms H managed her loan accounts.

Unhappy with this response, Ms H referred her complaint to the Financial Ombudsman Service.

Our adjudicator considered the complaint and she said it shouldn't be upheld. She explained Provident didn't have any 'local notes' anymore so she couldn't be sure what was agreed between Ms H and Provident in April 2020 and so can't conclude whether it was aware that her difficulties were as a direct consequence of the COVID-19 pandemic.

The adjudicator explained the missed payment markers on loans 5 – 7 started during the period that Ms H was making partial / reduced payments. However, there were no adverse information reported on loans 8 and 9 as these were taken out after Ms H had returned to contractual repayments in July 2020.

The adjudicator could see contact from Ms H with Provident from June 2021, when Provident applied waivers to the active loan accounts – so loans 6 - 9. Overall, she thought Provident had acted fairly and so didn't need to make any adjustments to the credit file.

Ms H didn't agree with the adjudicator's outcome, but no further comments were provided as to why.

Later, Ms H confirmed that she didn't have copies of any messages between herself and the Provident agent which confirmed Provident was aware of her being on furlough and therefore agreeing to the reduced repayment plans.

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

I've split the decision into two different periods. I've done this because loans 8 and 9 were taken out after Ms H had returned to her contractual repayments in July 2020.

**Loans 5 – 7**

All three of these loans were taken out before the period of time when Ms H says she was on furlough. I've been provided with the statement of account for these three loans and I've reviewed these to see what happened.

For loan 5, I can see Ms H made her regular £22 weekly repayment from inception of the loan until 16 March 2020. From, 30 March 2020 until 14 July 2020 Ms H's repayments reduce by 50% - to £11.01 per week. From there, Ms H pays at least £22 each week until the loan is closed in October 2020.

For loans 6 and 7 a similar pattern is also visible in the statement of account, from around the end of March 2020 until the middle of July 2020 Ms H repaid Provident around 50% of her contractual repayments. However, unlike loan 5, these loans were only repaid when Provident took the decision in December 2021 to write off the balances.

I've also considered the information Provident has provided (as well as Ms H's credit file) to see what has been reported to the credit reference agencies as a result of these reduced repayments.

- For loan 5, a '1' is reported from June until September 2020 when the loan is closed.
- For loans 6 and 7, a '1' is reported from June 2020 until April 2021. After April 2021, further payments are missed, so the arrears build on the account.

A '1' being recorded with the credit reference agencies indicates that the account in questions is at least one month in arrears.

Ms H's main concern is that a '1' had been reported for a period of around 12 months. The reason the '1' has been reported on her credit file for such a long period of time, is that even when Ms H returned to contractual repayments in July 2020 she didn't repay a sufficient amount extra, each week in order to repay the arrears that had built up on the account. As a result, Provident was entitled to continue to record a '1' each month.

Ms H says that in effect, these reduced payments were made because she was on furlough and therefore wasn't in a position to be able to afford her full contractual repayments.

Provident has told us, that it doesn't have any notes (from the local office) from around this time. Provident says this is the case because the business is currently going through some significant changes.

Equally, there are no contact notes or anything else at Central office which point to or indicate Ms H contacted it to tell it about her reduced repayments or anything to suggest that it was aware of the reduced payments Ms H was going to making. The notes, that Provident have been able to provide start in January 2021 which is after the event Ms H is unhappy with.

The first note that Provident has a record for, January 2021, does appear to show Ms H was aware of the arrears and why they were in place, as the call note supplied says:

> *"Reason for arrears? Previously discussed"*

and

> *"Aware of arrears consq? Yes"*

So, it does seem, that at least in January 2021, based on the call note that Ms H was aware of the arrears and the consequences of those arrears.

Equally, Ms H hasn't been able to provide any information to show that there was a formal agreement in place between her and the agent and / or Provident. So, I can't rule out entirely that Ms H's local agent was aware of her being on furlough. But equally, I also can't conclude that Provident was aware of Ms H being on furlough.

So, given the limited information available. it is difficult, for me to be able to conclude that not only was Provident aware Ms H was furloughed but that it would've treated her any differently.

Also, Ms H appears to have told Provident, she was on furlough for around six weeks. However, assuming she was on furlough for the entire time she wasn't making full repayments she was actually on furlough for around four months.

Overall, based on all the evidence provided, Ms H didn't make her contractual repayments and I've not seen quite enough to be able to conclude that Provident was aware of her intentions or the reasons behind the missed / reduced payments.

Equally, when Ms H returned to normal contractual repayments, she didn't pay a sufficient amount in order to meet the payments she needed to make and clear the arrears that had been built up. Therefore, Provident was entitled to continue to record the account as being in arrears.

As what Provident recorded is an accurate reflection of Ms H's payment record, I don't think that it would be fair and reasonable to tell Provident that it needs to make adjustments to Ms H's credit file.

**Loans 8 and 9**

Both of these loans were approved once Ms H had returned to her normal contractual repayments so there was no missed payment or arrears markers recorded against these loans up to April 2021.

However, it seems, from the information Provident says it is reporting on Ms H's credit file that these accounts also entered arrears. This may be due to making reduced payments following the phone call between Ms H and Provident in June 2021.

The arrears counted to build each month up until the point Provident took the decision to write off the loan.

After April 2021, based on the statement of account provided, it does seem that further payments were missed both for loans 6 – 7 as well as loans 8 and 9. For example in June 2021 Ms H only makes one of her contractual repayments that were due to be made towards loan 6.

Overall, taking into account everything I've seen, I'm not going to be asking Provident to make any adjustments to Ms H's credit file because based on the information I've been provided, Provident has recorded an accurate reflection of the way that Ms H managed her loan accounts.

I appreciate Ms H will be disappointed by my decision, but I do hope my explanation has been helpful for her to understand why I have reached the outcome that I have.

## My final decision

For the reasons I've explained above, I'm not upholding Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 12 August 2022.

Robert Walker
**Ombudsman**