

The complaint

Ms H complains that she had an agreement with Provident Personal Credit Limited to make payments through its online portal. However, Ms H says that from August 2021 she wasn't able to do so.

Ms H is also unhappy her outstanding balance was passed to a third-party collection agency without any prior warning. Finally, Ms H is also unhappy with the interest rate that Provident has applied to the lending.

What happened

The administration issues Ms H had, namely the outstanding balance being passed to a third-party collection agency without any warning concerned two loans.

1. £1,000 advanced on 29 August 2019 and
2. £900 advanced on 23 September 2019.

The statement of account provided by Provident shows these loans had the outstanding loan balances written off on 1 September 2021 – but this is likely to be the date that Provident passed the loans to the third-party collection agency. However, Provident has confirmed that the outstanding balance has now been fully written off.

Ms H says she entered into an arrangement with Provident to make her payments through the online portal and her last repayment was made on 17 August 2021. Ms H says after this date she wasn't able to log into the portal because the system didn't recognise her account number. Ms H says when this happened, she contacted Provident by telephone and by email, but she didn't get a response.

And when the debt was passed to the third party, Ms H says Provident acted unlawfully by not informing her of its intention of doing so.

A complaint was raised to the third-party collection agency and it responded to Ms H on 19 October 2021. It acknowledged her concerns but explained the subject matter of her complaint related to the actions of Provident. It therefore arranged for the complaint to be considered by it.

On 28 October 2021 Provident responded to Ms H's complaint in its final response letter. Provident explained the following.

- The account was passed to a third-party collection agency because Ms H's repayments weren't being maintained.
- While a payment plan may have been agreed between Ms H and her agent that wouldn't have prevented Provident from taking the action that it did.
- It did uphold one element of the complaint because Provident didn't provide any advance notice of the transfer of her account to the third party.
- Provident couldn't find any record of Ms H contacting it about the issues that she was having, and it couldn't see any contact before she made her complaint.

- It also didn't uphold her complaint about the loan interest because the interest was front loaded, and the credit agreement would've displayed the information about the interest rate that would be charged.

Unhappy with this response Ms H referred her complaint to the Financial Ombudsman. Our adjudicator considered the complaint and he said it shouldn't be upheld. He didn't think Provident was acting unlawfully when it transferred the debt to the third-party debt management company.

He also said, due to a lack of evidence he couldn't find anything to suggest the payment portal was closed without reason and so couldn't uphold this element of the complaint.

Finally, as neither Provident nor Ms H were able to provide copies of the emails, she says were sent he couldn't conclude Provident hadn't responded to Ms H. The only evidence Provident provided were screen shots showing when letters would've been generated to Ms M telling her that her account was in arrears. But copies of those actual letters haven't been provided so he couldn't say what they may (or may not) have told her about the arrears on the account and what action it may take.

The adjudicator confirmed that the outstanding balances had been returned from the third party to Provident and the debt has been written off – so there was no risk of this happening again.

Provident didn't respond to the adjudicator's assessment.

Ms H disagreed with the outcome. She said, her emails are deleted weekly and so she didn't have copies of them. She also reiterated that her main complaint was Provident passing her complaint to the third party without providing notification. She also provided a screen shot showing her final payment to Provident on 17 August 2021.

The adjudicator went back and explained why his outcome hadn't changed following Ms H's most recent comments.

As no agreement has been reached, the case has been passed to me for a decision. After the complaint was passed to me, further questions were asked of Provident about what had happened and in summary it said;

- Ms H did have an agreed reduced rate of payment with Provident. Initially, following Provident being informed of her health issues it applied a £0 weekly rate, before agreeing to a new rate running for 29 weeks.
- At the end of the 29-week rate, the reduced rate continued on an informal basis until the account was passed to the third party.
- Provident said the payments were made by card payments through her agent.
- Provident reiterated that Ms H hadn't maintained the agreed rate and that is why the account was passed to the third party.
- The transfer to the third party wasn't a mistake but an error was made as it didn't notify her that the account would be passed.
- However, Provident says Ms H received a number of arrears letters and it says that in those letters it stated there was an option for Provident to pass the account to a third party.
- Provident confirmed no default has been recorded on Ms H's credit file but it did report the two loan accounts as being in arrears.

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.

Having thought about everything that has been provided by Provident and Ms H I've decided not to uphold her complaint and I've outlined my reasons below.

It may help if I outline my role. My role, is to consider the evidence that both Provident and Ms H have provided and then decide whether, based on that evidence something may (or may not) have gone wrong. Ultimately, I'm determining this case on what I consider to be fair and reasonable, which is what my remit requires me to do.

I've also set out the decision under a number of headings to deal with Ms H's concerns.

Passing the debt to a third part

The first thing to say that is that due to Provident no longer offering new loans some of the information that may have been previously available is no longer free to be passed to the Financial Ombudsman Service. For example, some notes have been able to be provided but these are 'central' notes. Any notes or records that were made at a local level – for example contact with the agent are no longer available.

Equally, Ms H has told us that her emails are deleted on a weekly basis so that means some of the evidence (like Provident) that may have been useful is no longer available so I've had to consider what I think it most likely to have occurred together with the evidence that has been provided.

It is quite clear, both from the final response letter and the response to the question the Financial Ombudsman asked Provident, that an error was made. It has accepted that when the account was passed to the third party no specific notice was sent to Ms H.

This would back up what Ms H says and is the main reason why she complained to both the third party and to Provident.

Provident has acknowledged in the most recent information it has provided that Ms H was on reduced payment rate – in effect she was on a repayment plan. I can see, from the limited notes I have that in March 2020 Ms H contacted Provident and gave an update on her health issues. At this point Provident did place a freeze on the account. This seems to have been a fair and reasonable course of action.

Then, from the start of April, Ms H appeared to be making repayments to Provident every other week – and each repayment seems to have been about 50% of the value that she was contracted to pay. I can see that this arrangement carried out until the point the account was passed to the third party.

So, to me it seems, that Ms H hadn't made her contractual repayments for around 18 months, and there does appear, given the limited notes that I have, that there were valid reasons for this. But that still mean the account was in arrears and had been for some time.

Therefore, given this, I don't think Provident was wrong to have passed the outstanding balance to the third party. This is an option that always remains open to a lender.

Provident says the arrears letters, which I can see from a list provided by Provident, were sent. But copies of the actual arrear's letters haven't been provided. So, I can't be sure these

letters warned Ms H that if she didn't return to contractual repayments this could lead to her account being passed to a third party.

However, it is common industry practice for accounts to be passed to a third party after a prolonged period of time where contractual payments weren't made. So, I agree that Provident more likely than not didn't make an error when the account was passed to the third party. However, there clearly has been an error because Provident has already accepted it didn't provide any advance warning of the transfer.

I've thought carefully about this point, and it's clear, from what she's told us that Ms H wasn't sure what was going on (why she couldn't make repayments) and these concerns may have been lessened had Provident told her what was happening with her accounts.

But being told the account was being passed to a third party wouldn't have stopped it from happening. So, I don't think Ms H has been materially disadvantaged by Provident not telling her about it passing the account to the third party.

Overall, while I don't doubt it was distressing to find that Ms H couldn't make her payments as expected, I don't think, given the lack of information, that I can make an any award against Provident in this case.

It's worth noting here, and as the adjudicator confirmed, the two outstanding balances have been passed back to Provident and been written off and so no further payment is due and Ms H ought to not be contacted by any third party about the outstanding balance again.

Payment Portal

Ms H has provided evidence in the form of a screen shot that she had made her online payment and the screen shot of the receipt supports this as well. So, given the receipt I have, supplied by Ms H, the payment on 17 August 2021 was made through either a portal or some other online process.

Ms H says after this payment she contacted Provident to find out why she couldn't make any further repayments, but she didn't get an answer and couldn't reach anyone. As I've already explained it's difficult for me to come to any firm conclusions about this when neither party has any evidence to show what sort of contact was made and how frequent it was.

I do consider it more likely than not Ms H couldn't make any further online payments because Provident was in the process of transferring her account to the third party. But I want to be clear, this is just speculation and I can't be sure of this. But this would seem logical and reasonable given we know that shortly after this payment the account was passed to a third party – most likely sometime around the beginning of September 2021.

I don't doubt that the method of payment Ms H was using may have been unsuccessful, but unfortunately both parties haven't supplied me with enough information to be able to say, with any degree of reasonableness and certainty, that something went wrong here.

Interest rate

Provident explained in the final response letter how the interest rate would've been explained to Ms H. However, copies of the credit agreement for these two loans haven't been provided to us.

But it is my understanding, and from my experience of working similar cases, that I'm aware the interest rate and the total charge for the credit would've likely been outlined within the credit agreement that Ms H would've agreed to.

In addition, as with this form of credit, Ms H would've likely received a two-week cooling off period where she could've returned the loan plus any accrued interest. The fact that this didn't happen suggests to me that Ms H was happy with the loans and didn't have any concerns, at the time, about the interest rate.

It is also worth saying that based on the contact notes Provident provided, there does appear to have been some discussion about the interest rate between Ms H and Provident in November 2020. But the notes aren't detailed enough to know exactly what Ms H was told about this – at the time.

I think it's likely, given the requirements to provide this information to Ms H, that she was aware of the interest rate applied to these loans and how much it would cost for her to service and repay these loans. I accept looking back, Ms H now may think the rate was too high but I've not seen anything to suggest that Provident hasn't applied the rate or the amount of interest to the loan that it said it would.

Overall, based on what I've seen I don't think I can uphold Ms H's complaint any further than what Provident did in the final response letter.

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 19 August 2022.

Robert Walker
Ombudsman