

## The complaint

Miss P complains Provident Personal Credit Limited failed to fully carry out the agreement she had with it to settle a previous unaffordable lending complaint.

## What happened

In December 2019 Provident made an offer to settle a complaint Miss P had raised about her loans being unaffordable – this was following the Financial Ombudsman’s involvement in the case. As part of the settlement Provident agreed to pay compensation towards eight loans. However, one of those loans was with a third-party collection agency (Company A) and Provident as part of the compensation held back £1,478 to cover the capital that Miss P owed. Provident also said:

*There was also £1888.00 interest outstanding for [loan account number], however we have also reduced this to nil closing the account.*

Finally, Provident agreed to remove these loans from Miss P’s credit file.

However, Miss P says that Provident didn’t pay any the compensation to Company A or recall the debt from it and arrange to close it. Instead Miss P says that she only received confirmation the account had been returned to Provident when Company A wrote to her in February 2022. Which is over two years after the loan account should’ve been closed.

Miss P says, she had this account appearing on her credit file for additional time, with a balance and no payments being made towards it would’ve had an impact on her credit score. Miss P also says, on top of the damage to her credit score, she has had to make numerous calls and chasers not only Provident but also to Company A to find out what was going on.

After she raised a complaint with Provident, it provided a response on 18 February 2022, but this isn’t a valid final response letter because Miss P wasn’t provided with referral rights to the Financial Ombudsman. But Provident did provide a cheque for £250.

Unhappy with this response Miss P referred her complaint here.

An adjudicator reviewed the complaint and didn’t uphold it because in her view the compensation Provident had paid of £250 was fair and reasonable. Although, she did accept, given the information provided that Provident hadn’t carried out the redress in 2019 when the previous complaint was closed.

The adjudicator also said that for her to make any further award against Provident she’d need to see some evidence of the impact on Provident’s error had on her. For example, evidence that she was refused credit solely, because of Provident’s inaccurate credit file entry.

The adjudicator said Provident had agreed to update her credit file, but it could take up to 45 days to do so. She also didn’t think that Provident had to pay Miss P any further

compensation as a result of Provident holding money back to pay Company A and then not doing so and Provident wanting to offset the outstanding balance was a reasonable course of action.

Miss P didn't agree with the adjudicator and she responded, and I've summarised the response below.

- In March 2020 Miss P was aware Company A still had the loan account because she spoke to them and it agreed to place the account on hold.
- Miss P accepts this matter 'was left' due to COVID and everything being delayed.
- She had no response from either Company A or Provident in relation to the debt or the compensation.
- Miss P had problems being added to a mortgage in July 2020 and at this time she had no other accounts in default or in arrears.
- Miss P accepts no payments were made towards the account since July 2018.
- In September 2020 Miss P was given an update by Company A – that there was no change.
- Miss P also sought to raise a dispute with a credit reference agency – but this was declined as the information was accurate.
- Miss P contacted us in 2021 but was told about the Scheme of Arrangement that Provident had proposed. At which point a further hold was placed on her account.
- In February 2022 when Miss P received the letter saying the account was being passed back to Provident it encouraged her to contact us. She spoke to Company A at the time, and it had no record of Provident trying to recall the balance.
- The account was only closed and returned due to the status of Provident.
- Miss P also says that she should be given the amount of money that was offset (plus 8%) because Provident didn't do what it said it would do and she'd now be in the same position – with the balance written off following the Scheme of Arrangement.

The adjudicator went back to Miss P and explained why her points hadn't changed her mind about the case. She said that there was another case on our system about another lender recording a default in 2015, and so this would've been visible at the time of the mortgage application. She was also satisfied that the refund that Provident paid to Miss P was correct and she didn't think it would be fair to refund the amount that was offset because it was capital that was owed.

Provident didn't respond to either of the adjudicator's assessments.

Miss P didn't agree and provided further points which I've considered and outlined below.

- Miss P wasn't able to add her name to her partner's mortgage and this was declined due to her credit score.
- No company ever supplies the exact reason why credit may have been declined and Miss P can't provide any further information about that.
- The point about the previous default was corrected after her complaint was considered by the Financial Ombudsman.
- Miss P reiterated that Provident held back some of the refund to clear a loan with Company A which didn't happen as Provident didn't do this the funds belonged to Miss P.
- Had Provident paid all the compensation to her, Miss P could've paid Company A directly and settled the balance and credit file long ago.

As no agreement had been reached, the case was passed to me for a decision.

After the complaint was passed to me, further information was requested from Miss P about her contact with Company A. She didn't have any further evidence to provide – but did say she would contact them to ask if they could provide a list of emails or calls that she made to it about this matter.

However, no further response had been received and I felt I was able to issue a provisional decision on this matter. I then issued my provisional decision explaining the reasons why I was intending to uphold Miss P's complaint.

A copy of the findings from my provisional findings follow this in smaller font and italics and form part of this final decision.

## **What I said in my provisional decision**

### ***What I've provisionally 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 Miss P I'm intending to partly uphold her complaint and I've set out why below.*

*It is clear an error has been made here. Provident ought to have, in or around December 2019 used the refund that it was due to give Miss P to offset the outstanding balance held with Company A. It is clear this ought to have been done and wasn't.*

*It seems, that the outstanding balance has now been written off and Miss P isn't being asked to either pay the balance or is being chased by Company A for it. However, what I can't be sure about is whether Provident has deleted the loan from the credit file, as it said it would do in 2019. I deal with this element in the 'putting things right' section below.*

*But I say no more about the error because what I'm being asked to decide is whether the compensation payment Provident has already offered is sufficient, given the circumstances of this case.*

*I've seen an email from Miss P's financial adviser in July 2020 – so around seven months after the adverse information ought to have been removed. The email does suggest that Miss P couldn't be added to a mortgage because the illustration in the email was only for Miss P's partner.*

*Unfortunately, in this case I don't have a copy of Miss P's credit file so I don't know whether there was any other information that may have been taken into account by the mortgage company before it declined her application.*

*I appreciate that Miss P says companies won't ever provide the exact reason why a mortgage will be declined, but without a credit file and something from the mortgage company I can't say for sure whether there were other factors that it may have taken in to account.*

*But what I do think is fair to say, is that clearly, having an account that was open with Company A and no payments being made towards it, would've had quite a significant impact on any application for credit. But I can't say for sure the sole reason for the declined mortgage application was as a result of the incorrect information Provident had not removed.*

*In addition, Miss P has also shown that she tried to resolve this situation by contacting a credit reference agency directly to raise a dispute about the record. This was an option that was open to Miss P but really ought to not have been needed because Provident ought to have updated the credit file by recalling the debt.*

*I don't have a copy of the response from the credit reference agency, but given the record remained on her file, until it was recalled in February 2022 does lead me to conclude that the request to make the adjustment to the credit file was rejected. Whether it was right or wrong for this amendment to be rejected, isn't something that I can comment on but what this does show is that Miss P was taking steps to try correct her credit file when she really need not have done so.*

*Miss P has been asked, and as far as I can see has tried to obtain further details from Company A about the contact, she has had with it. She hasn't, to date had a response, but I've seen nothing to make me think she wouldn't have contacted them about this issue. After all, she contacted the credit reference agencies, so I think it's fair to conclude that she would've had some contact with Company A about what it was doing with her outstanding balance.*

*Equally, Provident hasn't provided the Financial Ombudsman Service with a file to outline its position or responded to the adjudicator's assessment. So again, I can't see what it did to try and resolve the case and or why it didn't do what it said it was going to do. This also, may have highlighted any contact from Miss P after January 2020 when she tried to get this matter resolved.*

*Miss P accepts that this issue did drift, and she provided some reasons why – such as the pandemic and the situation with Provident. I can quite understand that this may not have been her priority especially if she wasn't seeking credit at the time, but I don't think that necessarily reduces the distress caused because ultimately, Provident hadn't done what it said it was going to do and Miss P was aware of this.*

*Miss P has in effect said, that she had adverse information on her credit file, showing an outstanding balance and do payments being made for 26 months longer than she was expecting given the offer that Provident made.*

*So, I now needed to consider what is fair compensation. Miss P has said she should be given at the least, 8% simple interest on the sum Provident withheld from her refund because this wasn't used to repay Company A (or to have the debt recalled) as Provident said it would.*

*I've thought about this carefully, but for similar reasons as the adjudicator explained I don't think this would be a fair outcome. Miss P was always due to repay the capital amount she owed on her loan (equivalent to the sum Provident withheld). So, what ought to have happened is Provident sorted out the outstanding loan and that would've been the end of it. Although Provident didn't do this, that doesn't mean that Miss P gets either the funds back or 8% simple interest because it was money that she was always due to repay and what was owed. So, there isn't any direct financial loss as a result of that – meaning she isn't out of pocket because for example Provident withheld too much money (or too little). The issue here is that Provident didn't do what it said it would do.*

*But, I can see and I am prepared to accept that this issue has been ongoing for far too long – and to be clear – I still don't know whether the record has been deleted as Provident said it would be – so I am going to direct Provident to do that, in this case if it hasn't been done.*

*But, given the evidence Miss P has provided, the fact this went on for over two years, she had to chase Company A, the credit reference agency and the Financial Ombudsman Service to try and resolve something that Provident hadn't agreed to, would've caused her distress and inconvenience. Especially, knowing the information was still there and she wasn't getting anywhere with Provident. Given these factors I don't think £250 that Provident has offered is enough.*

*Taking everything into account, including all the factors listed above, I consider a fair and reasonable outcome to be a further award by Provident to reflect the distress and inconvenience caused to Miss P. Having thought about everything I consider a further payment of £250 bringing the total compensation to £500 to be fair and reasonable.*

## **Response to provisional decision**

Both Miss P and Provident were asked to provide anything further for my consideration – before issuing the final decision, as soon as possible but no later than 26 August 2022. Provident didn't respond or acknowledge the provisional decision.

Miss P called the Financial Ombudsman Service and confirmed she accepted the findings. She then followed this up with an email, which I've summarised below;

- A previous default was removed from her credit file and this was before she applied to be added to her partner's mortgage – which is why she believes the reason for the declined application was down to Provident's information.
- She confirmed she spoke to the third-party debt collection agent but would need to carry out a data subject access request in order to receive evidence of its contact.

Later, Miss P confirmed the Provident loan had been removed from her credit file.

As the deadline for further submissions has now expired, I'm proceeding on the basis that Provident doesn't have anything further to add – the final decision follows.

## **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.

Miss P says she agreed with the findings of the provisional decision but I wanted to address her comments she made in the email to the Financial Ombudsman.

Firstly, it is frustrating that when Miss P requested to do a data subject access request by the third party in order to obtain details of her contact with it. But as she can see from the provisional decision, I don't think seeing all the contact would make any difference to the outcome that I've reached as I've accepted that this did likely occur.

Secondly, I did think about the mortgage application. While I do accept Provident's incorrect information may have played a part in her request being declined, as I've not seen anything from the prospective mortgage lender to confirm the sole reason for decline was due to Provident's error I wasn't, in this case, able to make a specific award for it or award compensation for any potential financial loss.

So, I've reached the same conclusions I reached before, for the same reasons as I did in the provisional decision and I've outlined below Provident needs to do to put things right for Miss P.

I accept Miss P says the loan has been removed from her credit file, but I've kept the first bullet point of the redress in to make sure that Provident checks to ensure this has happened.

## **Putting things right**

In order to put thing right, Provident should carry out the following.

- Provident should, if it hasn't already done so remove the loan from Miss P's credit file in line with what it agreed to do in 2019.
- It should pay Miss P a further £250 taking the total award of compensation to £500.

### **My final decision**

For the reasons I've explained above and in the provisional decision, I'm upholding Miss P's complaint.

Provident Personal Credit Limited should put things right for Miss P as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 29 September 2022.

Robert Walker  
**Ombudsman**