

The complaint

Ms M complains that Provident Personal Credit Limited (Provident) mis-managed her account after she told it she was having financial difficulties as well as providing details of her health problems.

What happened

In October 2020, Ms M told Provident about her health problems and the fact she was no longer working. This contact appeared to have been with her agent through text messages. In December 2020 she emailed Provident and provided further details of her health problems.

Then in March 2021, after providing evidence of her health problems including letters from her GP, Provident emailed Ms M on 8 March 2021 to let her know it was suspending collection activity on the account.

There was then contact between Provident's collection department and Ms M. At this point Ms M informed it that she was getting support and advice from a third-party debt charity.

However, on 22 March 2021 Provident passed Ms M's outstanding balance to a third-party collection agency. At the time, Ms M wasn't told about the debt being sold. It was only in October 2021 when she was trying to get her finances in order and working with the debt advice charity that Provident told Ms M her debt had been passed to a third party.

Provident then gave Ms M the details of the collection agency and the reference number she would need. However, after contacting this third-party Ms M was told that not only was this company not dealing with her debt, but the reference number was incorrect.

What followed were a series of emails and a couple of letters to Provident who maintained that the debt was with the third party they had previously told her it was with. Ms M then contacted the third party again, this time providing the medical evidence that she had previously provided Provident.

Ms M at this point she says she was in a 'panic' because she was trying to get her debts sorted with the debt charity but wasn't able to as she didn't know who was responsible for her debt – given the conflicting information she was being provided.

Ms M then received a letter from a different company – who in November 2021 explained that it wasn't aware of Ms M's health problems as it hadn't been informed of it by Provident. Ms M says at this point she was worried and upset. She was having health problems while at the same time trying to sort out a debt management plan. It turned out this letter was sent by the parent company of debt collector who Provident signposted Ms M towards.

In total, between the number of companies that Ms M was dealing with, she suggests that

she's sent close to 70 emails – although copies of all these emails haven't been provided.

Overall, Ms M says that she is unhappy Provident didn't apologise for what has happened, and that it shouldn't have passed her debt to a collection agency when it agreed not to especially as it was aware of the mental health problems Ms M was having. Ms M unhappy with what happened complained to Provident. It issued a final response letter (FRL) on this matter dated 15 October 2021.

Provident explained that as payments weren't being made in line with the payment schedule it was within its rights to pass the loan balance to a third party. It went on to explain that the third party would be able to help Ms M discuss a way forward to repaying the outstanding balance. It apologised for what had happened but said it hadn't made an error.

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

Our adjudicator considered the complaint and he said it shouldn't be upheld. It's worth saying here that the adjudicator provided a comprehensive overview of the timeline of events and what Ms M's complaint is about – so I won't repeat all that information in the decision.

But he did conclude:

- The information Provident provided about which company was managing the loan balance was correct. Ms M did receive a letter from a different company, but this is the parent company and so part of the same organisation.
- However, Provident wasn't able to say why the account was then passed to another company to manage Ms M's debt.
- Provident acknowledged that Ms M had provided it with details of the debt charity and had provided information about her mental health.
- Ms M's debt of £1,592.67 was written off by Provident and although he accepted that Provident could've done more and a payment to reflect the trouble and upset could be argued, he thought the write off was enough and so Provident didn't need to pay any more compensation.

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

Ms M disagreed with the outcome. In summary she said;

- While Provident had written off the debt, it did this for all customers due to its financial position. But this doesn't address the fact that it knew she was vulnerable and still passed the account on anyways.
- While the two collection companies may be linked, when Ms M emailed the company who Provident said had the debt, she was told that it couldn't find a record of her account.
- It is clear, from the letter Ms M received from the parent company that the debt collectors had no knowledge of her health problems.
- Ms M asked for a copy of Provident's procedures for dealing with vulnerable customer's but this hasn't and wasn't provided.
- Ms M was upset about Provident's suggestion that she was in some ways getting better. When she has been through several assessments and has been found unfit for work and all the incorrect information compounded this situation.

As no agreement could be reached the case was passed to me to decide.

I then issued my provisional decision explaining the reasons why I was intending to uphold Ms M's complaint. A copy of the findings from the provisional findings follow this in italics and a smaller font and forms part of this final decision.

What I said in my provisional decision

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 M I've decided to uphold her complaint and I've outlined my reasons below.

Overall, I do partly agree with the adjudicator, that Provident has written the debt off and that does need to be considered. However, what I am looking at here is the distress and inconvenience caused to Ms M as a result of the errors in dealing with her loan. Having looked through everything there has clearly been a number of errors and in my view have impacted Ms M and so, I think it's fair an award is made for the distress and inconvenience that has been caused.

Passing the debt to a third party

Ultimately, Provident, can if it wishes to pass an account to a third party. So, the act of doing so isn't necessarily an error, but in this case, several things appear to have occurred that shouldn't have happened.

Firstly, Provident was put on notice of Ms M's health problems and it has accepted that it had information given to it about this for example a copy of the "Debt and Mental Health evidence form" which had been completed by Ms M's doctor. It needed to consider this information and take appropriate steps / actions to assist Ms M in repaying what was owed (if this was appropriate).

So I find it concerning and perplexing as to why firstly, the account was passed to the third party without actually telling Ms M this is what it had done. Especially considering what it knew about her mental health and the fact that passing to the third party contracting the information Ms M had been supplied around two weeks earlier – at the start of March 2021 – that being collection activity would be stopped.

Although she wasn't aware of this at the time, in November 2021 Ms M was told by the parent company that although they were collecting the debt it wasn't told by Provident about her health information. I do find this worrying. Ms M openly provided details to Provident about her vulnerabilities and then knowing these, passed the account to a third party without actually informing the third party of what it knew.

Provident has also been clear that it only passed on the accounts because the evidence provided to its collection team:

"was not sufficient to show Ms M [full name removed] has difficulties managing her finances or the account should have been written off due to any medical issues however, the account was passed to our central collections team. Due to the poor repayment history, the account was then passed to [third party] to manage the account. The debt was not sold, they were simply picking up the collections activity on behalf Provident.

Later on, Provident also said:

We would, as part of the process, require up to date evidence showing the customer's inability to manage their finances at the time they were requesting the write off of the account. I can see the debt and mental health form was from October 2019 which is prior to the account being passed collections.

As you can see from the debt and mental health form, the doctor has confirmed there was "marked improvement" which would not indicate a reason for writing the account off. Presumably priority bills, council tax etc. were being paid by Ms M [full name removed] at the time so would also indicate she could manage her finances.

Taking all these statements together, I've had to think quite carefully about what this means for Ms M's complaint.

Ms M was clearly engaging with Provident from December 2020 when she emailed it about her health problems and then provided all the information she was asked for. She was also in contact with Provident in March 2021 when it said it would put a stay on collection activity. If Provident needed further information, as it listed above to have considered a right off of the balance at the time I'm not sure why it wasn't asked for, as it seems that Ms M was in communication with it as she understood the importance of trying to get this balance resolved. I have seen nothing to suggest that Ms M wouldn't have engaged further with Provident.

Provident accepts that it had a valid form completed by Ms M's doctor dated October 2019 but it has said that as the form is noted as a 'marked improvement' – in relation to Ms M's health, this is what some sort of justification why the account could be passed to a third party.

Indeed, this form had been completed around 18 months before the account was given to the third party and what would've in my view been entirely reasonable is to have asked Ms M for an update, as her condition may have worsened or not improved. Of course, it may have improved, but Provident had no way of knowing and this would be inconsistent with what Ms M was telling it.

Clearly, Provident could've and ought to have done more at this point in time before the account was passed to the third party to decide whether that was the correct course of action to take.

When Ms M then tried to contact the debt collection company that Provident told her had the account (and reiterated in October 2021) using the correct reference number supplied by Provident. She was then told by the company that it didn't hold an account for her to repay. This would've understandably caused confusion for Ms M given she was being given contradictory information about what was going on.

She then received contact from another debt collection company – a company Provident says it didn't know were involved, which I think is worrying because Provident says that it hadn't sold the debt – only passed it over. So, it remained the debt owner and I would imagine it would've had some say or at least been told about what the debt company it had asked to collect the money was doing.

Ms M then complaint to the parent company – at which point she was told that none of the information about her vulnerability had been passed to it by Provident. Again, I'm not sure why Provident didn't tell the company this information because it had implications for how it would contact and deal with Ms M.

I've outlined below what I think Provident needs to do in order to put things right for Ms M.

How I propose Provident should put things right

Overall, writing off the debt was probably the right course of action to take. But, that doesn't mean Ms M didn't experience distress and inconvenience due to the errors which have been made, in my view, by Provident. As such, she is entitled to some compensation to recognise the distress and inconvenience that she has suffered.

However, I do have to counter that with although the account may have been with the third party since March 2021 when Ms M contacted Provident in October 2021 to let them know

about the breathing space she was entering with the debt advice charity she clearly hadn't been contacted by either Provident or the third party since March 2021. It isn't clear what happened here or why there was no contact in this time.

However, after being told about the account being with a third-party Ms M made enquires with it and was given contradictory and conflicting information. She wasn't told initially who the account was with and the third party was unaware of her health problems.

In my view, she has understandably been caused distress and inconvenience by Provident's actions. These, in my view have been made worse by the fact Provident knew of her health problems months before the account was passed to the third party.

Having looked at everything, I consider that Provident's actions provided poor communication, didn't pass on to the third-party relevant information about Ms M and then caused further confusion while Ms M was trying to get her finances in order. In my view, it exacerbated what was already a difficult time for Ms M and importantly, it was on notice to Ms M's vulnerability and didn't appear to take any mitigating steps.

Response to the provisional decision

Both Ms M and Provident were asked to provide any further comments or evidence as soon as possible but in any event no later than 7 September 2022.

Provident didn't respond to the provisional decision.

Ms M emailed in to say that she accepted the findings of the provisional 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.

Ms M has accepted the findings of the provisional decision and the Financial Ombudsman Service hasn't heard from Provident.

As no new comments or evidence have been provided, I see no reason to depart from the findings I made in the provisional decision. So, I'm still upholding Ms M's complaint for the same reason and I still don't think Provident treated Ms M fairly when it passed her account to a third-party collection agency.

I've outlined below what Provident needs to do in order to put things right for Ms M.

Putting things right

I consider it fair and reasonable that Ms M is paid, directly £300 for the trouble and upset that has been caused.

My final decision

For the reasons I've explained above and in my provisional decision, I'm upholding Ms M's complaint.

Provident Personal Credit Limited should put things right for Ms M as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 7 October 2022.

Robert Walker
Ombudsman