

complaint

Mr C feels the loans Provident Personal Credit Limited gave him were unaffordable, and it lent to him irresponsibly.

background

Mr C took out three separate fixed sum loans with Provident between April and September 2014. The loans were for £100, £200 and £400 respectively. Each loan was sold to Mr C at his home.

Mr C says the loans were unaffordable and lent irresponsibly because he was in an IVA at the time, and that Provident didn't request evidence of his income. He also says he had CCJs, and was encouraged to take out larger loans to pay off existing debts. Mr C fell into financial difficulty and was unable to repay the third loan.

Provident says the loans were sold correctly, and has provided evidence of the application forms. The application forms show Mr C's declared income and expenditure. Provident also say credit checks were completed, and this showed the loans were affordable.

Our investigator didn't uphold the complaint. She felt the loans had been sold correctly, and that the checks Provident had conducted were proportionate to the value being borrowed. She noted the income and expenditure checks showed Mr C had sufficient income to meet the repayments. She also noted that Mr C had in general kept up with the repayments of the loans until the third one.

Mr C disagreed and asked for an ombudsman's review. He said he had to take money from his food bills in order to meet his repayments. Mr C also said Provident's agent told him what to put down for his income to ensure he got the loans approved.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr C says Provident's agent told him what income and expenditure to declare when taking out these loans. Provident disagree with this.

I can't be sure what was said at the time of the sales. Whilst I have no reason to doubt Mr C's testimony, I also have to balance that against the paperwork he signed, and the other evidence that has been provided.

I've considered the applications Mr C made. Provident has provided us copies of his declared income and expenditure, as well as evidence of the searches it conducted when some of the loans were taken out. I think Provident was entitled to rely on the information given about his income and expenditure. I also think Provident could reasonably expect Mr C to say something if he thought the loans were unaffordable.

I think Mr C could afford the first two loans. I say that because the value of these loans was relatively small - £100 and £200 – and the weekly repayments were £10. Mr C's declared disposable cash was between £120 and £130. Provident argue this shows these amounts were affordable, and I agree. So I'm satisfied the checks it did were proportionate to the amount being lent.

At the point of Mr C's third loan the amount borrowed increased to £400. Again, I've considered the application forms Mr C signed. These show the weekly repayments were affordable compared to his declared disposable income. Provident has also provided evidence of the credit searches it completed at this time. These searches show that whilst Mr C didn't have the highest credit score, his credit status didn't suggest Provident were irresponsible to lend to him.

Finally, Mr C has said he was subject to an IVA and had CCJs when he took out the loans. However, I can see no evidence these were disclosed to Provident. They also didn't appear on the external credit searches Provident made. As it wasn't aware of them despite conducting suitable checks, I don't think Provident acted irresponsibly in providing the £400 loan to Mr C.

So whilst I appreciate this is a difficult time for Mr C, and he has experienced issues with repaying his loans, I'm satisfied Provident has acted reasonably when agreeing to lend to Mr C.

my final decision

My final decision, for the reasons I've explained, is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 February 2018.

Tom Whittington
ombudsman