

complaint

Mr S complains that Provident Personal Credit Limited (Provident) gave him loans he couldn't afford.

background

Mr S took out the following home credit loans with Provident:

- £800 on 21 July 2011 payable at £28 per week for 52 weeks.
- £1000 on 5 December 2013 payable at £35 per week for 52 weeks.
- £200 on 3 April 2014 payable at £7 per week for 52 weeks.
- £1500 on 23 December 2014 payable at £52.50 per week for 52 weeks.

Mr S says he couldn't afford the loans and had Provident make sufficient checks about his creditworthiness, then they wouldn't have lent him the money. He says he had multiple different payday loans with different providers which should have alerted Provident to his financial situation and ability to repay.

Our investigator didn't think the complaint should be upheld. He thought the checks made by Provident went far enough and were proportionate for the loans. Those checks included a credit check, but payday loans wouldn't have necessarily appeared on these checks.

Mr S doesn't agree and has asked for the complaint to be reviewed by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I agree with the investigator for broadly the same reasons.

Mr S asked that his complaint be considered in tandem with his partner as their finances are interlinked. I understand why he says this, but the lending decisions made by Provident were to him as an individual, so I'm only able to consider their actions in relation to him. Mr S would have had the opportunity to record any financial commitments he had in relation to his partner. But I wouldn't necessarily expect Provident to consider his partner's financial situation when considering lending to him.

Provident were required to lend responsibly. This means they need to check that Mr S can afford to repay the loans – with the checks being proportionate to the terms of the loan, (including the amount he was borrowing, over what period of time and the level of repayments) as well as his borrowing history.

I've looked at the checks that were made. I can see that with each loan, a form was completed with information about Mr S's employment, household income and expenditure. The results of these were as follows for each loan:

- The 2011 customer details form recorded weekly disposable funds of £165 and the weekly loan repayments were £28.
- The 2013 customer details form recorded weekly disposable funds of £530 and the weekly loan repayments were £35

- The April 2014 customer details form recorded weekly disposable funds of £315 and the weekly loan repayments were £7.
- The December 2014 customer details form recorded weekly disposable funds of £600 and the weekly loan repayments were £52.50.

So on initial appearances it doesn't appear the loans were unaffordable. In each case Mr S signed to say that the information he'd provided was true. Further to this Provident also carried out a credit check and took into account Mr S's payment history with them.

Mr S says he was experiencing financial difficulties and felt that his debt was 'spiralling'. But I've not seen evidence that he communicated that to Provident.

Mr S says that the fact he had more than one loan should have been a concern to Provident. Provident have explained that many of their customers use their service to cover unexpected expenses. And it's not unusual for them to have repeat customers. I don't think that's unreasonable and don't think the frequency and amount Mr S was borrowing could reasonably be seen as a concern about the affordability of the loans.

Mr S's 2011 loan was repaid in February 2013. His next loan was taken out in December 2013 and he took out another loan in April 2014 before this had been repaid. But the April 2014 loan was only another £7 weekly repayment, so I don't think it necessarily should have given Provident cause for concern about his ability to repay. Both the December 2013 and April 2014 loans were repaid in October 2014. Mr S then took out a further loan in December 2014. So although he was a repeat customer, he was mostly clearing his existing loans and having a period of time before taking out another one.

Having reviewed Mr S' bank statements, I can see that his income hasn't always been regular. But I don't think that's particularly unusual. And there were periods where Mr S had a relatively high level of income. There was some variation in the amount of income Mr S recorded on his different loan applications, but given the time between applications I don't think this in itself should have caused Provident to have concerns about that information. I'm satisfied that even if they had asked for further confirmation the bank statements would have generally supported what was recorded.

Mr S says Provident didn't take into account any of his pay day loans. There was a section on the customer details form for him to include the details of 'other borrowing'. So I think Mr S could have included information about any short-term lending he had there. Also Provident have explained that at the time the loans were taken out, credit check information was only updated on a monthly basis.

So any pay day loans wouldn't necessarily have appeared during these credit checks. In these circumstances I don't think it would be fair to criticise Provident for not taking into account information that I can't see they would've known at that time.

From the evidence I've seen I'm satisfied Provident made appropriate and proportionate checks to the level of lending they were agreeing to for each loan.

my final decision

For the reasons outlined above, my final decision is that I don't uphold Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 May 2018.

Richard Annandale
ombudsman