

complaint

Mrs W complains that Provident Personal Credit Limited provided her with loans that were unaffordable. She'd now like a refund of the interest and charges.

background

Mrs W had four loans with Provident between December 2014 and September 2016. She says the loans were unaffordable and she had to borrow to make the repayments which pushed her into further debt.

Mrs W says the agent told her to leave out certain items when completing the application form to make the loans seem more affordable. But she says she'd been in an IVA since 2009 which would have been clear from her credit records and feels in those circumstances, Provident was irresponsible in offering her the loans. She asked for a refund of her charges and interest on the four loans.

Provident said all applications are based on the information provided by the applicant in their form as well as outside information such as details of their work, their residency and their credit records. In addition the agent would have discussed the loan application with Mrs W to make sure each loan was affordable at the time it was made. Provident said Mrs W completed and signed an application form for each loan. In addition she given details of the loan and repayments in writing before it was approved and Mrs W signed each time to say she was happy to go ahead. It felt it had carried out appropriate checks and didn't agree the loans were unaffordable.

Our investigator didn't uphold the complaint. She said Provident was required to carry out suitable affordability checks each time it made a loan but there were no set checks that had to be done and it depended on the amount and purpose of the loan and the applicant's own credit history. Although Mrs W was in an IVA this didn't mean Provident had been wrong to lend to her. The question was whether the loans were affordable.

She'd seen the checks done by Provident and felt they were appropriate. On the information provided, Provident had calculated that Mrs W had sufficient disposable income at the time to meet the repayments for each loan. For that reason she didn't think the loans had been unaffordable so she wouldn't be asking Provident to repay the interest or charges.

Mrs W disagreed. She said in summary that Provident had been irresponsible to lend to her while she was in an IVA She felt the loans hadn't been affordable because the application forms hadn't included all of the relevant information, as the agent had been aware. She asked for her complaint to be referred to 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. Where's there's no information on any particular point or the information available is disputed -as it is here on some points - I've made my decision on the balance of probabilities.

Provident, like all lenders, was required to lend responsibly. That means it needed to make sure that Mrs W was able to repay any loans it made out without causing her hardship. There's no set list of checks it need to make but the checks should be proportionate to the

amount to be borrowed and Mrs W's own lending history and circumstances. I've seen Mrs W was in an IVA from 2009 to 2016 but that in itself wouldn't mean that Provident could offer a loan. The question is whether the loan was affordable based on her situation at the time.

In this case I've seen that Provident did carry out checks for each of the four loans Mrs W applied for. And that, on the information provided, the loans were affordable based on Mrs W's weekly disposable income. I've also seen that Mrs W was given the details of the loan and the interest before the loan was approved and it was only on her agreement that the loans went ahead.

I note Mrs W has said that the agent encouraged her to leave out certain items from her expenditure so as to make the loans more affordable. But I've seen nothing to show that's the case and against that I can see Mrs W signed each application to say the details were correct. In the circumstances I think Provident was entitled to rely on the information provided and to calculate the affordability on that basis.

I appreciate Mrs W says she found it difficult to meet the loan repayments. If she'd raised this with Provident at the time then I'd have expected it to have looked at her case sympathetically. However I've seen nothing to show that Mrs W did raise this with Provident while the loans were ongoing and the repayment book show that Mrs W was able to manage her repayments satisfactorily.

I realise this isn't the decision Mrs W was hoping for but for the reasons given I can't agree the loans were unaffordable and I won't be asking Provident to refund any of the interest or charges.

my final decision

My final decision is that I do not uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 24 October 2018.

Cerys Jones
ombudsman