

complaint

Ms S complains Provident Personal Credit Limited is making her repay two loans she cancelled and that the balances on her other loans are wrong.

background

Ms S has borrowed money from Provident on a number of occasions.

In November 2013 Ms S says she asked for a £1,000 loan. She says the agent told her to sign two other loans agreements – one for £500 and another for £300. She says she hadn't asked for these loans but signed the agreements so the agent would leave. She says she then cancelled the agreements.

Ms S complained to Provident when it started saying her other loans had gone into arrears. Ms S also complained about a number of other problems she had with these loans such as the agent not coming to collect her payments.

Provident investigated Ms S's complaint but didn't uphold it. It said the two loans she had signed were loans to refinance existing debt she owed. It also said these loans hadn't been cancelled. Ms S complained to us.

Our adjudicator didn't recommend that this complaint be upheld. She felt that Ms S had the benefit of the two loans she says she cancelled. Ms S disagreed with our adjudicator's recommendations and asked for an ombudsman to make a decision.

my findings

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

what was the position before Ms S took out her £1,000 loan in November 2013?

Ms S accepts that she applied for a £1,000 loan in November 2013. I've seen the application and the paperwork she signed. However, I can also see that she took out other loans before that. One of those loans had just under £400 outstanding and another had just under £1,500 outstanding (accounts ending 3010 and 6026 respectively) in November 2013.

what happened in November 2013?

Provident has said that it told Ms S it wouldn't lend her £1,000 unless she cleared the arrears on the two accounts I've just mentioned. Provident has said the two other loans Ms S signed for in November 2013 were used to repay those accounts. I've seen statements – and so now has Ms S – that show the proceeds from the two other loans Ms S signed for in November 2013 were used to repay these accounts. I, therefore, agree with our adjudicator that Ms S had the benefit of the two other loans she signed for in November 2013.

did Ms S cancel the two other loans?

Ms S says she signed the two other loans agreements so that the agent would leave. I accept this. She says she then contacted Provident to cancel the loans. Ms S has sent us copies of the loan agreements with the words "cancelled" written on them. Provident says

that Ms S cancelled loan agreements in 2012 but not in 2013. I don't think it matters either way, because unless Ms S returned the money that had been used to repay her other loans she couldn't have cancelled the other two loans having signed for them.

I don't think Provident – given the evidence I've seen – did a good job of explaining to Ms S what has happened in this case. I can also understand why Ms S is upset given the explanation our adjudicator gave her – she feels she's repaid debts that could have been deferred. But I don't agree that Ms S doesn't owe the amounts Provident says she does. Both parties will need to agree how these amounts should be repaid.

my final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 29 December 2015.

Nicolas Atkinson
ombudsman