

complaint

Mrs N complains that Provident Personal Credit Limited mis-sold her 25 loans without checking that she could afford them.

background

Between 2007 and 2013, Mrs N borrowed a total of 25 loans from Provident. She was unable to repay the last two. In 2016 she complained that she had been struggling with her finances and that the loans had not been affordable. She said Provident had been irresponsible to lend her so much and so often.

Provident said that Mrs N's disposable income at the time had been enough for her to have been able to afford all of the loans. She had been employed at the time. Each loan agreement had allowed her 14 days in which to change her mind, but she hadn't done so. Sometimes she had repaid a loan early, and got a rebate of interest. After Mrs N had stopped work in 2013, Provident had stopped lending to her, and had refused a subsequent loan application. Mrs N had not told it she was in financial difficulties until 2016. And her payment history had suggested that she was a reliable customer.

Mrs N complained to our service. Provident agreed that we could consider all of the loans, including the ones which were more than six years old.

Our adjudicator did not uphold this complaint. He said that the loan repayments had been spread out over a year or more, and the weekly repayments had all been for manageable amounts. She had had a regular income, and her bank accounts had not been overdrawn. There had been gaps between some of the loans, which did not suggest that she had been dependent on them. Given her declared disposable income, the loans had been affordable and she hadn't struggled to repay them until after she stopped working.

Mrs N did not accept that decision. She said that she had taken new loans as soon as she had paid the old ones off. She had been struggling to repay the loans while she had been in hospital. The sheer number of loans she had taken out should have alerted Provident to the fact that she was in trouble. She asked for an ombudsman's decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I was sorry to read about Mrs N's health problems, which are serious and long-running, and I would like to express my sympathy. She has been off work since mid-2013, shortly after she took the most recent loan. However, it does look as if this is the reason why she became unable to repay the last two loans, which were the only loans still outstanding at that time.

The first 22 loans were all taken out between November 2007 and October 2012. They were all paid off. The last three loans were taken out during Mrs N's last few weeks of employment, in early 2013. One of them was paid off shortly before she lost her job, and the other two fell into arrears. She told Provident about this unfortunate change in her circumstances, and it stopped lending to her. But I can't see that she reported being in financial difficulty before then, or that she complained about the loans not having been

affordable until 2016, which is three years later. The fact that she was able to repay the loans while she was employed rather suggests that the loans were affordable.

It's right to say that many loans were taken out at the same time as older loans were paid off. And there were only two periods – both of them quite short – during which Mrs N was not liable to repay anything. So it is true that she was consistently borrowing. But until 2013 she managed to keep on top of her repayments, thereby demonstrating to Provident that she was reliable. So I don't think it would be fair to say that Provident should have inferred that she was struggling.

The amount of money Mrs N borrowed fluctuated. It went down as well as up. Some loans were large, and some were small. Over the whole period of roughly five years, the average amount borrowed did increase, but not by such an alarming extent that I would expect Provident to deduce that something must be wrong. I also take into account that customers sometimes complain when lenders *don't* lend them money.

However, what I consider to be of greatest importance is that during 2012 and 2013, Mrs N regularly declared in her loan applications that her disposable income was over £200 a week. Sometimes she said it was over £300. Provident was entitled to accept what she told it. And the total amount she had to repay each week, even when loans overlapped with each other, was never as high as £100 a week. So as far as Provident knew at the time, its customer never had to pay back more than half, or a third, of her disposable income *at most*.

For those reasons, I do not accept that Provident should have done more than it did to ensure that the loans were affordable, or that it had any reason to suspect that they were not affordable. It follows that I think it did nothing wrong.

my final decision

So my decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 8 March 2017.

Richard Wood
ombudsman