## complaint

Mr R complains that Provident Personal Credit Limited sold him home credit loans he couldn't afford.

## background

Between 2005 and 2014, Mr R took out 14 loans with Provident. In 2016 he complained to Provident that these had been unaffordable, and asked for a refund of the interest and charges he had paid. When Provident refused, he complained to our service.

Mr R pointed out that in May 2010 he had been unable to make his repayments on time. He had had to use the services of a debt management company, which had made an arrangement with Provident, and the loan had eventually been settled in June 2011. He argues that this means Provident knew about his financial difficulties, so it shouldn't have lent to him again in February 2012. He also says he had been borrowing from four payday loan companies, and had gambling debts. He had got into a spiral of debt.

Provident said that apart from the loan in 2010, all of the loans had been repaid early, and so Mr R had benefited from early settlement rebates on the interest adding up to nearly £2,500. This suggested that the loans had actually been affordable. It also said that it had done credit checks when he took out the loans, to make sure he could afford them. And Mr R's disposable income had always been significantly higher than his repayments. He had never mentioned being in financial difficulties, or his gambling.

The first five loans were too long ago for our Service to consider them, so our adjudicator only looked at the most recent nine. He thought that Provident should have been aware of Mr R's financial troubles, because of the information recorded on his credit file. But he didn't uphold this complaint, because he thought that the loans had still been affordable.

Mr R asked for an ombudsman's decision, as he insisted that the loans hadn't been affordable. And Provident maintained that it had carried out proper affordability checks.

## my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Like our adjudicator, I have only considered whether the loans since 2012 were affordable. But that hasn't prevented me from considering the earlier loans in order to understand what Provident knew about Mr R's credit history and financial circumstances.

The loan in February 2010 was defaulted, and not settled until June the next year. That in itself doesn't mean that Provident was wrong to lend to Mr R again eight months after that, in February 2012. But he had a number of other defaults on his credit file by then, for much larger amounts of money. And he also had other loans which were in arrears or in debt management plans. So I can see why the adjudicator thought that Provident shouldn't have lent to Mr R again.

However, balanced against that is the fact that Mr R borrowed £800 with a year to repay it. He had to pay £28 a week. He had declared a disposable income of £320 a month. That's more than enough to be able to meet the repayments. And as it turned out, he repaid the loan two months later, in April, and therefore avoided having to pay most of the interest.

He did this with all of the subsequent loans too. Each loan was for £800 or £500, with weekly repayments between £15 and £24. Of the nine loans I'm considering, the sixth and seventh overlapped, but only for one week, in which he had to pay £48. But when he applied for the seventh loan, he declared a disposable income of £400 a month, which is twice what he needed. He paid off all nine loans early.

So while there is a case for saying that Provident shouldn't have lent to him from 2012, I can't say that these loans were mis-sold. Mr R told Provident he could afford them, and it seems that he actually could afford them. So I think that any error made by Provident was actually harmless.

Mr R says that because the payday loan companies gave him refunds, this complaint should be upheld too. But I don't agree that payday loans can be compared with home credit. With a payday loan, the whole amount borrowed has to be repaid in a month or so. With these loans, the repayments were spread out over a year, meaning that far less had to be repaid each month. So while the payday loans may not have been affordable, it doesn't follow that the home credit loans were not affordable either.

I also note that Mr R sometimes received five- and six-figure sums of money from gambling, in addition to his regular income. I think the loans would still have been affordable even without that extra income. But this does reinforce my view that it would not be fair to order Provident to refund the interest it charged him on the loans, because this income would have made it even easier for him to repay the loans.

**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 Mr R to accept or reject my decision before 17 July 2017.

Richard Wood
**ombudsman**