

complaint

Mr M complains that Provident Personal Credit Limited charged him excessive interest on two fixed sum loan agreements.

background

Mr M entered into a £500 loan with Provident in February 2012 and a £350 loan in July 2012. Both required weekly payments. Mr M says that the interest rates charged on these loans were excessive and meant he had to spend a long time trying to pay them back.

Provident says that when considering issuing credit its agents provide a copy of the credit agreement and explain the product. It says that Mr M's credit agreement clearly displayed information on the interest payable and weekly repayment rates. It says Mr M signed these agreements.

Provident also says that its agent collected information from Mr M in regard to his income and expenditure and that this confirmed he had sufficient disposable income to maintain his repayments. It says that when the second loan was agreed the agent will have reviewed Mr M's repayments on his previous loan. It says that prior to July 2012, Mr M had maintained his weekly repayments.

The adjudicator did not uphold this complaint. He said that Mr M had signed both loan applications and that these clearly set out the total amount of credit and interest. He said that had Mr M considered the interest excessive he could have questioned that at the time.

The adjudicator considered whether the loans were affordable for Mr M. He explained that the lender is required to carry out checks that are proportionate to the amount borrowed. He noted that based on the information provided by Mr M the repayments were well within his disposable income.

Mr M did not accept the adjudicator's view. He said that when he took out the loans he was not aware of the level of interest charged on other loans. He said when he became aware of the rates available elsewhere for loans he realised that the rates he was paying to Provident were disproportionate and unsustainable.

my findings

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

Mr M entered into two loans with Provident. I have looked at the information contained in both of the loan agreements and these clearly set out the amount Mr M is borrowing, the interest rate charged, the total amount payable and the weekly repayment amount. I understand Mr M's comments that the interest rates on these loans are higher than other loans. However my role is to decide whether or not Provident did anything wrong in providing the loans to Mr M. Having looked at the information Mr M was provided with, I find he had enough to make an informed decision as to whether or not to agree to the loans.

Mr M signed the agreements and agreed to the loan terms and conditions.

I can see that the affordability of these loans has also been considered. The adjudicator has explained that proportionate checks need to be carried out. I have seen from the information provided by Provident that it carried out an assessment of Mr M's income and expenditure. I find this reasonable.

It is reasonable that Provident relied on the information Mr M provided about his income and expenditure. Based on this information, I find it reasonable that Provident considered the loans were affordable for Mr M at the time they were provided.

Overall I understand that Mr M has taken a long time to pay back his loans and he feels the interest rate was too high. However, I find that he was provided with the information he needed and then agreed to the loans. Based on this I do not find that the business has done anything wrong.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 January 2017.

Jane Archer
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