

## **complaint**

In January 2014, Mrs S agreed two home credit loans with Provident Personal Credit Limited. By June 2015, both loan accounts were in arrears and she was experiencing financial difficulties. She complains that, from June to November 2015, her weekly payments were allocated to only one of her two accounts, without her knowledge or consent.

Mrs S complains as well about the adverse information relating to these accounts, which Provident has recorded on her credit file. She wants all this adverse information removed.

## **background**

Both loans were for 84 weeks, repaid in weekly instalments of £12. Both were 22 weeks in arrears in June 2015. Payments were collected from Mrs S's home by a Provident agent. Mrs S left the payments with her partner to give to the agent. In June 2015, her partner told the agent that she was in financial difficulties.

In Mrs S's absence, the agent agreed with her partner that payments into one account should be suspended, and that 'double payments' of £24 should be made into the other account, in order to clear its outstanding balance. Mrs S would then have only one loan to repay – her weekly payments would reduce to £12, making it easier for her to do so.

This arrangement between Mrs S's partner and the agent was not documented. Mrs S said that she was unaware of it, until she received an arrears letter from Provident and checked her credit file. She complained to Provident.

Provident did not uphold her complaint, saying the arrangement:

- Had not caused Mrs S's account to fall into arrears
- Was intended to aid her financial situation, and did not disadvantage her
- Had enabled repayment of one account to be completed in November 2015

Mrs S then referred her complaint to us. Provident told us that it could not accept Mrs S's argument that the arrangement had damaged her credit rating – any damage had already occurred as a result of earlier missed payments. It also noted that Mrs S had continued to miss payments – in July, August and September 2015 – after the arrangement was agreed.

Provident made a settlement offer: to reduce the outstanding balance on Mrs S's remaining loan account by £100; and, when the remaining account has been fully repaid, to remove from her credit file any information relating to arrears it had recorded from June 2015 onwards. But the offer excluded removal of information relating to the missed payments in July, August and September 2015. Mrs S declined this offer.

Our adjudicator said:

- Provident should not have agreed an arrangement in Mrs S's absence, given the accounts were in her sole name
- When Provident was made aware of Mrs S's financial difficulties, it should have contacted her directly to discuss her situation
- It would have been reasonable for Provident to carry out an income and expenditure assessment with Mrs S, and to agree with her an affordable (reduced) payment plan

Our adjudicator recommended that Provident should extend its settlement offer, to include removal of credit file information relating to the missed payments in July, August and September 2015. Provident disagreed, and Mrs S's complaint was referred to an ombudsman for review.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I find that I have come to the same conclusion as our adjudicator, for similar reasons.

Provident said that the arrangement was agreed with the best of intentions. But it accepts as well that it made errors in this case.

I think there is a clear difference between Mrs S's partner passing her money to Provident's agent, and her partner making arrangements with the agent about her accounts without prior authorisation. I have seen no evidence that Mrs S had given this authority to her partner.

I also think that Provident (through its agent or directly) did not respond to Mrs S's financial difficulties in a sufficiently positive and sympathetic manner, as it is required to do. I cannot say that a reduced payment plan would definitely have been the appropriate response. But, in my view:

- The options considered by the agent with Mrs S's partner were an insufficient response
- Carrying out an income and expenditure assessment would have been a positive initial response

The errors made by Provident have disadvantaged Mrs S, and so she should receive compensation. She has asked for all the adverse information relating to these accounts to be removed from her credit file.

In the period before June 2015, Mrs S's accounts fell into arrears, and Provident had not been told that she was in financial difficulties. In these circumstances, I do not feel it is unacceptable for adverse information relating to this period to remain on her credit file. But I think it would be fair and reasonable for all adverse information from June 2015 onwards to be removed, as soon as the remaining account has been fully repaid.

### **my final decision**

For the reasons explained above, my final decision is that I uphold this complaint. In full and final settlement of it, I order Provident Personal Credit Limited:

1. To reduce the outstanding balance on Mrs S's remaining loan account by £100
2. As soon as the remaining account has been fully repaid, to remove from Mrs S's credit file all adverse information (relating to both her accounts) it has recorded from June 2015 onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 13 June 2016.

Roy Mawford  
**ombudsman**

