

## **complaint**

Miss O complains that Provident Personal Credit Limited (Provident) has loaned to her irresponsibly.

## **background**

Miss O took out nine loans with Provident between 2010 and June 2012. This complaint refers to the last three loans as both sides agree that the earlier loans were taken out more than six years ago and this service therefore has no jurisdiction to look at them.

Miss O said that the last three loans were lent to her irresponsibly. She said that the business did not consider her income as, if they had, they would have realised she was unemployed. She felt they were wrong to advance money on the basis of her statement of incomings and expenses and she said that this resulted, at some stages, in her outgoings being more than what she was receiving in benefit.

But Provident disagreed. They said that Miss O's statement of income and outgoings would have been taken at her home by an agent familiar with her situation. They said that this statement demonstrated sufficient disposable income after expenditure had been deducted. And they added that the agent would have asked for proof of income and would have considered her good payment history when reviewing whether the loan was affordable. They said this payment history would have given no indication of any financial difficulty so they didn't agree that the loans had been mis-sold.

So Miss O referred her complaint to this service and our adjudicator reviewed the file. She thought there may be some cause for concern as when she reviewed the payment history it was clear that Miss O hadn't always been meeting her payments. But she explained that in order to make a decision she would need to see Miss O's bank statements and credit file.

Miss O provided a credit file but whilst it did show that she'd defaulted on a couple of accounts, these defaults didn't happen until after the final loan was initiated. So the adjudicator explained that Provident couldn't have been expected to take this into account when approving the loans. She asked Miss O, again, to provide her bank statements but none were received so the issue was referred to an ombudsman for a final 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.

I know it will disappoint Miss O but I agree with the adjudicator's view and for similar reasons. Please let me explain why.

### *what must a lender must do before it lends money?*

When lending money, a lender like Provident is required to ensure its customer can repay the borrowing in a sustainable manner without it adversely impacting on their financial situation. A lender should obtain sufficient information to make an informed decision about the lending. Exactly what a lender should consider is for each lender to decide and the guidance and rules list a number of things each lender may wish to consider. Any checks should be proportionate, based on the size of the borrowing. Bearing this in mind if I thought Provident hadn't done appropriate

checks I'd then look to see what it would've found out if it had done them. And if this showed Miss O couldn't afford the lending I'd say it was fair and reasonable that they do something to put this right.

Provident tells us before it agreed to lend to Miss O it did checks. It tells us it looked at Miss O's loan repayment performance and the information she had provided on income and expenditure.

Whilst these checks were not extensive I think they were sufficient. I say this because the sums being advanced and the repayments were relatively modest. The final loan and largest loan, which refinanced debt from previous loans and provided further funds, was for £1,000 with repayments of £30 per week.

Here I can see that Miss O's payment history was not perfect and it may have been the case that this was a sign she could not afford the loan in December 2011 or the increased lending that was subsequently secured in 2012.

But I don't know what Provident would have found if they'd gone on to check Miss O's bank statements as Miss O hasn't provided those statements. So it wouldn't be fair of me to say the lending was irresponsible.

Miss O has provided a copy of her credit file but that doesn't provide evidence to suggest she was in financial difficulty at the time. There are two defaults on the file but both of these occurred after the final loan was secured.

*was it reasonable for Provident to approve loans to refinance old ones?*

Miss O says that Provident were wrong to insist that previous loans were paid off, or the balance of these loans was refinanced. But it was for Provident to decide how it would structure any loans and Miss O didn't have to accept their proposals or their interest rates. She could have looked for an equivalent loan elsewhere. So I'm not persuaded that Provident did anything wrong here either.

### **my final decision**

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 26 October 2018.

Phil McMahon  
**ombudsman**