

Mr B complains that Provident Personal Credit Limited wrongly lent him money that he couldn't afford to pay back.

background

Mr B says that he had a number of loans with Provident. He says that the last three loans were given to him even though he told Provident that he was off work and Provident should have known he was in financial difficulties.

Our adjudicator recommended that the complaint should be upheld. He thought that by the time Mr B took out the last loans Provident should have carried out more checks. He thought that Mr B's change in circumstances couldn't have been foreseen. But the amounts borrowed in a short period of time suggested that Mr B was in financial difficulties. His view was that Provident should have done a credit check and if it had done it would have seen Mr B had defaulted on his other lending and it would not have lent to Mr B. Provident didn't agree and said in summary that it relied on the information that Mr B gave and it wasn't aware that the loans were unaffordable.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions of the adjudicator for broadly similar reasons.

I can see from the information provided that Mr B had taken out earlier loans with Provident that were repaid. The statement from the agent said that the loans requested by Mr B were unusual but there was no reason to refuse them because his account was up to date. I agree with the adjudicator that it would have been reasonable for Provident to have carried out more robust affordability checks including a credit check to make sure he could afford the repayments to make sure he wasn't relying on payday lending and could afford to pay the money back.

Mr B had changed his borrowing pattern with Provident and this should have alerted Provident to the fact that Mr B may have been in financial difficulty. I think that if Provident had looked more closely at Mr B's financial position by carrying out a credit check it would have seen that he had defaulted on his other credit and it would not have decided to lend him the money.

I don't think that Mr B said he was out of work at the time he took the loan. He was desperate to get the loan and I don't think he explained he was struggling financially. But this doesn't mean that Provident could take Mr B's word for it without carrying out any checks when the lending was out of the ordinary pattern for Mr B.

fair redress

For these reasons I uphold this complaint. Provident should pay Mr B fair compensation as follows:

- Remove all interest and charges associated with the loans (of July, August and September 2013).

I agree with the adjudicator that Mr B does bear some responsibility for the financial situation he finds himself in and he has had the benefit of the money. For these reasons I haven't awarded any compensation for trouble and upset and only awarded a refund of the interest and charges on the loans.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it Provident Personal Credit Limited should compensate Mr B in line with the fair redress as outlined above. Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 17 September 2015.

Emma Boothroyd
ombudsman