

complaint

Ms M complains that Provident Personal Credit Limited gave her a loan she couldn't afford.

background

Ms M took out a home credit loan of £500 in November 2013. The amount to be repaid was £800 over 32 weeks and included a fixed amount of interest of £300. Ms M was to repay the loan with weekly repayments of £25.

Ms M made payments of £25 a week for ten weeks. She then found it difficult to keep up with the payments and made reduced payments when she could. Provident wrote off the loan and sold it to another business for debt collection.

Ms M says that she couldn't afford the loan and that had Provident made sufficient checks about her creditworthiness it wouldn't have lent her the money. She was in a payment plan at the time she took out the loan and had an attachment of earnings order.

Our adjudicator didn't think the complaint should succeed. She thought that the checks made by Provident went far enough and were proportionate for the loan that was provided. Those checks included identity and a credit check.

Ms M asked for the complaint to be reviewed. She provided more information about her finances including details of an earlier loan with Provident which she wasn't able to pay.

my findings

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

Provident was required to lend responsibly. That meant that it needed to check that Ms M could afford to repay the loan – with the checks being proportionate to the terms of the loan, (including the amount she was borrowing, over what period of time and the level of repayment) as well as her borrowing history. But there were no set checks that Provident had to do.

I've therefore looked at the checks that were made. I can see that a customer details form was completed with information about Ms M's employment, household income and expenditure. She didn't put down details of any other borrowing on that form – and she signed to say the information was correct. That information gave a weekly disposable income of £350. It also carried out a credit check showing Ms M's recent payment history.

That payment history showed that Ms M was not always up to date with credit commitments but I don't think that it meant that the loan was unaffordable or that it was unreasonable for Provident to agree to lend on the information it had. I accept that she later found it difficult to pay the loan and it may be that there was some additional stress on her finances some weeks into the payment period.

I've also seen that there was an earlier loan with Provident which wasn't repaid in full – but that was some years previously and information about that loan wouldn't necessarily have been considered when the loan decision was made. In the circumstances here I don't think that was wrong.

my final decision

My decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 6 March 2018.

Clare Mortimer
ombudsman