

complaint

Mr H complains that Provident Personal Credit Limited lent him money irresponsibly.

background

Mr H took out five fixed sum loans with Provident over three years. He says he was in a difficult financial situation and couldn't afford the repayments. He felt pressured to take the loans out and considers Provident should have done more affordability checks. He would like it to refund interest, rectify his credit file and pay compensation.

Provident says Mr H was in full time employment and information he provided suggested he had enough disposable income to afford the loans. Agents reviewed his payment history under earlier agreements and records show he made regular repayments over 145 weeks with only one missed. So it had no reason to think these loans weren't affordable...

Our adjudicator doesn't recommend this complaint should be upheld. He says the maximum amount that Mr H had to pay back in one week for any loan was £30 - so the loans seemed affordable given his declared disposable income. He considers Provident was entitled to rely on information Mr H provided and it didn't have to check his credit file. He's satisfied Provident carried out proportionate checks for the amounts borrowed and the payment terms. And he thinks it fair that Provident offered to arrange an affordable repayment plan.

Mr H says had to borrow to pay off these debts. He used new loans to repay existing ones. And his repayment history wasn't good - payments were often between 2 weeks and 4 weeks late as he avoided the agent until payday. He accepts the first loan was affordable, but he thinks Provident should have been prompted to carry out further checks after that. He considers it should have asked about all of his outgoings and checked his credit file - in which case it would have seen defaults and a poor credit score and realised it wasn't responsible to lend. He asked for an ombudsman to review the matter.

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've reached the same conclusions as our adjudicator for much the same reasons.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Provident was obliged to check Mr H could afford to repay these loans sustainably – without undue difficulty or incurring further debt. It had some discretion about the nature and extent of any affordability checks, which should have been reasonable and proportionate in all of the circumstances.

The loans Mr H took out ranged from £500 to £1,000 with repayments of between £25 and £30 a week over between 32 and 63 weeks. Each Provident loan is arranged by an agent who makes a home visit. I've seen the relevant loan application forms. And I'm satisfied Mr H declared income of nearly £400 a week and said he was single with no dependants and employed full-time throughout.

I can see Provident asked Mr H how much he spent - on rent, other credit and general outgoings - each week. And I don't think the expenses Mr H declared looked unreasonable or inconsistent in the circumstances – so I'm not persuaded Provident had reason to question those more closely.

I appreciate Mr H considers Provident should have asked for more details of his outgoings - and done a credit search - for a more accurate picture of his financial situation. But I don't think the checks Provident did were unreasonable given the nature of these loans - including the amount to be repaid, size of repayments and payment terms.

Mr H says Provident would have realised he was struggling if it had looked at his credit history. But Provident wasn't obliged to do a credit search. For the reasons I've explained, I'm not persuaded it had reason to think there might be an affordability issue. And I can't fairly find Provident should have been prompted to do more extensive checks in the circumstances.

I've considered several credit reference searches that Mr H has provided. I don't think there are obvious signs of difficulties – such as significant problem debt or over reliance on short term, high cost loans. I acknowledge there's some evidence that Mr H had past financial issues – and there's a more recent default and one or two accounts show arrears. But, on balance, I'm not persuaded that's sufficient for me to safely conclude these loans looked unaffordable when Mr H took them out.

Taking everything into account, I can't fairly conclude there are enough grounds for me to reasonably uphold this complaint. I'm sorry to hear about Mr H's difficult situation. And I realise my decision is likely to come as a disappointment. But Mr H doesn't have to accept it, in which case he remains free to pursue the matter by any other means that may be available.

my final decision

My decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 January 2017.

Claire Jackson
ombudsman