

complaint

Miss H says Provident Personal Credit Limited lent to her irresponsibly.

background

Miss H had four loans with Provident, approved in August and November 2016 and February and June 2017.

Our adjudicator considered the complaint and recommended it be upheld in part. She didn't think Provident had been right to approve the two 2017 loans. She thought the increasing number of defaults on Miss H's credit history ought to have caused Provident to realise it was unlikely Miss H would be able to repay the loans in a sustainable manner.

Provident didn't respond to the adjudicator's view, so the complaint was passed to me to decide. There's been no further dispute about the 2016 loans, so I've not considered whether or not they were lent irresponsibly – but they're still relevant to my decision in as far as they form part of the history of lending.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

As I said above, Provident didn't respond to the adjudicator's view, so I don't know whether or not it disagrees with the adjudicator's interpretation of the credit history data it provided.

I've looked at the same information afresh. From what I can see, the information Provident obtained for the third loan (February 2017) identified that Miss H had a recent default, applied two months before the loan was approved. And it further identified that Miss H had three total defaults, an increase of two since she took her first Provident loan. And for the fourth loan (June 2017) a total of nine defaulted accounts were identified.

I think this information suggests there had been a significant deterioration in Miss H's finances in close proximity to the two 2017 loans. And while I know Provident operates in a sector where adverse credit histories are not unusual, I think the proximity of the defaults to these new loans and the number of defaults is concerning enough that Provident ought not to have provided the 2017 loans. I don't think Miss H was likely to have been a position to repay these loans sustainably, in light of how her other credit commitments were being managed at that time. I can see this is borne out by what happened – Miss H was not able to maintain payments towards these loans and it appears they are also both now in default. As I don't think Provident acted fairly by approving the 2017 loans, I'm upholding Miss H's complaint in respect of these loans.

putting things right

I understand the 2017 loans both still have an outstanding balance. So Provident should remove all interest and charges applied to these loans from the outset and treat any payments made as if they were paid towards the principal. Provident should also remove

any adverse information it has recorded about the 2017 loans from Miss H's credit history – although it doesn't have to do this until the loans are repaid.

If Provident no longer owns the debt, it can buy it back or otherwise work with the debt owner to achieve the above, ensuring Miss H doesn't have to repay more than she borrowed.

my final decision

I uphold the complaint in part. Provident Personal Credit Limited must put things right by taking the steps set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 29 December 2019.

Matthew Bradford
ombudsman