

## **complaint**

Ms A complains that Provident Personal Credit Limited (“Provident”) approved her for loans without making checks to see if they were affordable for her. She also says it was irresponsible in lending to her because she was on a limited income. She wants the interest she paid to be refunded.

## **background**

Ms A told us that she had taken out several loans over the last 10 years when she had been claiming benefits. She complains that Provident did not carry out proper credit or affordability checks before giving her the loans. She said the loans were rolled over and increasing in size each time even though she was in arrears on the previous loan. She complains that Provident had been lending her money irresponsibly because she was on benefits and could not afford the repayments.

Provident said it asked for information about her circumstances and finances. Each loan application form showed her stated weekly disposable income was enough in each case to show she could afford to make the weekly payments for the loans. It said the payments were generally made on time, except for the last loan where some payments were missed and some were reduced. Provident rejected Ms A’s complaint.

Ms A complained to this Service. Our adjudicator looked at this complaint and he explained which aspects of it this Service could look at and which ones we couldn’t consider, and he explained why this was the case. He did not uphold Ms A’s complaint. He said Provident said Ms A’s benefits income would have been taken into account. He said she would have approved of a new loan paying off the arrears on a previous loan. He also thought the loans in the last six years hadn’t always increased in size – some were lower than the previous loans. And as he also thought Provident took the necessary steps to ensure the lending decision was based on the information it had each time a loan was taken out, he could not uphold the complaint.

Ms A disagreed with our adjudicator’s decision and asked for the matter to be looked at again. Ms A added the following points:

- She wanted the ombudsman to look at all of her loans – not just the ones which she took out in the last six years;
- Her loans were continuously refinanced and she had missed many payments;
- Most of each loan was used to pay off the arrears of the previous loan - leaving her in further debt;
- Provident did not suggest it would do a credit check;
- The Provident agent had forms already completed and ready for Ms A to sign – the agent did not ask for proof in writing of her benefits and did not take into account Ms A’s changed circumstances.

## **my findings**

### *can I look at all of the loans?*

I’ll first consider whether I can look at *all* of Ms A’s loans. In order for me to be able to consider a consumer’s complaint, I have to find that they brought their complaint to us or to the financial business they’re complaining about within:

- Six years from the date of the event complained of; or if later
- Three years from when they knew – or ought to have known – that there was cause for complaint.

I don't have power to look at aspects of Ms A's complaint if they're brought outside those time limits and the business complained about doesn't consent to us looking at it (as Provident has done in this case), *unless* there are exceptional circumstances that prevented Ms A bringing the complaint in time.

In this case, Provident said Ms A took out a loan in 2002, but Ms A says she was complaining specifically about the loans she took out over the last 10 years – from 2008. So that is the date of the first event complained of. This means the six year limit must have expired in 2014 – well before Ms A complained in 2018. I've also looked at whether the three year limit had also expired by the time Ms A brought her complaint. And I think it did because I'm satisfied she would have realised fairly quickly that her loan was unaffordable in 2008 which means she should have complained by 2011. We can give her the benefit of the longer six year time limit, but it means her complaint about her loans from 2008 to 2011 was still made outside both strict time limits.

So I must find that this aspect of Ms A's complaint is out of time and can't be considered by this Service unless there are exceptional circumstances that prevented it being brought in time. And I haven't seen any information to show this happened so I will only be looking at the loans taken out from 2012 to 2018.

#### *the merits of the complaint*

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I may not address each individual point that Ms A raised, but I'd like her to note I have given careful consideration to *all* of her submissions before arriving at my decision.

Having considered the evidence, I have to tell Ms A that I think our adjudicator has reached the right outcome here. And there's very little I can add to what he's already said as I think he's set out the position very clearly and in great detail in both his view and his emails.

Ms A took out 5 loans with Provident from October 2013 to October 2017. Firstly, I do note Ms A's submissions that she was on benefits throughout the time she was applying for loans from Provident and so she says she was vulnerable but I don't think it would be right for Provident to refuse to lend to Ms A just because she was on benefits. Provident confirmed it took Ms A's income from benefits into account and it is entitled to do this – so I don't think Provident was wrong or irresponsible in lending to Ms A.

I noted that some of the loans paid off the previous loan arrears, but – and I agree with our adjudicator – I could see this was done with Ms A's consent when she signed the terms and conditions of each loan agreement. Ms A said the loans increased in size as they were paying off previous arrears – so she says this is irresponsible because she was left in further debt. However, I noted that not all the loans increased in size – some were lower than the previous loan; so I don't think Provident did anything wrong here in paying off previous arrears or changing the amount borrowed as it had complied with the terms and conditions of Ms A's loans.

In respect of affordability, Provident would have asked about Ms A's circumstances and I can see from the loan applications that they showed her stated weekly disposable income was enough in each case to show she could afford to make the weekly payments for the loans. Provident confirmed it had also carried out checks on Ms A's credit file to check if the loan was affordable. Ms A said Provident did not ask her for a credit check to be carried out, but I saw she had signed each loan agreement which gave her consent to Provident to give her personal data to credit reference agencies to help it make each lending decision. So I think Provident performed the credit check with the correct authorisation and took reasonable steps to assess the affordability of Ms A's loans.

Taking everything into account, I think Provident did consider Ms A's circumstances to ensure it was making a responsible lending decision. I also think it looked into her credit history and considered the information on the loan application at the time - on each loan - to ensure it was affordable for her. So – although I am sorry to disappoint Ms A - I am not going to uphold this complaint.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 10 July 2019.

Amrit Mangra  
**ombudsman**