

complaint

Miss W complains that the loans she took out with Provident Personal Credit Limited (the business) were not affordable.

background

Miss W entered into a number of loans with the business from 2006 to 2011. She says that she only recently became aware that she had cause for complaint.

Miss W says that her loans were not repaid in full (apart from one) and six were rolled over into new loans. She says that the business did not carry out any credit checks and that she was repaying more than one loan at a time resulting in her needing to take out further short term borrowing to cover the payments. Miss W says that if she missed payments she was encouraged to take out a larger loan and that the paperwork was completed for her and she just signed it.

Miss W says the loans put her into a spiral of debt

The business says that most of Miss W's loans were taken out more than six years before she raised her complaint. It reviewed the two loans Miss W took out in 2011 and said that the applications were completed correctly and that an affordability assessment was carried out. It says that at the time of the loans Miss W confirmed she was in full time employment and had sufficient disposable income to make the repayments.

The business also noted that it was approached by a debt charity in March 2012 in regard to Miss W's repayments. It says that at that time no concerns were raised regarding the affordability of Miss W's loans on the dates they were issued.

The investigator did not uphold this complaint. He explained the rules that determine the complaint we can look at and found that the loans Miss W took out from 2006 to 2010 fell outside the timeframe. He said that we could consider the loans taken out in 2011.

The investigator found that Miss W's 2011 agreements stated that she was in full time employment earning £500 per week with a disposable income of £350 and £360 respectively. Based on the income and expenditure assessment and given that the repayments were made on time, he did not find that the business should have been concerned about the affordability of the loans.

Miss W did not accept the investigator's view and said she had only recently become aware that she could raise an affordability complaint. She said the loans were consistently rolled over and with the exception of one were never repaid in full.

my findings

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

As the investigator has explained there are rules regarding the complaints we can consider. Part of these rules relate to the timeframe in which a complaint is raised. In this case Miss W took out a number of loans with the business from 2006 up to 2011. Apart from the loans

taken out in 2011, all of these loans were more than six years old when the complaint was raised. Because of this they fall outside of the six year part of the time limit.

When a complaint is raised in regard to an event that occurred more than six years prior, we can consider it if it is reasonable to accept that the customer only became aware of their cause for complaint in the past three years. Miss W says that she has only recently become aware that she could raise an affordability complaint.

I note Miss W's comments but I can also see that she approached a debt charity in regard to her debts in 2012. I find it reasonable to accept that at this time Miss W would have discussed the loans and been aware of any cause for complaint. Based on this I find that Miss W's earlier loans fall outside of the three year timeframe.

Miss W did take out two loans in 2011 which I have considered. I appreciate Miss W's comments about credit checks not being carried out. The business is required to carry out proportionate checks. It provided information about how it assesses the affordability of loans before they are provided.

I have looked at the copies of the income and expenditure assessment and can see that Miss W had a disposable weekly income of £350 and £360 respectively when the loans were taken out. Miss W also stated that she was in full time employment. I do not find that the information provided should have raised concerns about the affordability of the loans.

Miss W's repayment history showed that she did make her payments for a number of months after the loans were taken out and only missed the occasional weekly payment. It was from March 2012 that her payments became less regular. There is no evidence to show that Miss W raised any concerns about the affordability of the loans prior to 2012.

On balance, I do not find that I have enough evidence to suggest that the business should have been aware at the time the loans were provided that they were not affordable for Miss W. Because of this I do not 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 Miss W to accept or reject my decision before 2 June 2017.

Jane Archer
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