

complaint

Mr F complains that Provident Personal Credit Limited ("Provident") lent to him irresponsibly.

background

Mr F took out two loans with Provident in 2012. One for £300 in March was settled a few months later but he took another loan out in September for £500 and this is still outstanding.

Mr F complained to Provident as he said the checks they performed weren't sufficient for them to adequately consider his ability to repay the credit they'd provided. He said they should have considered his bank statements or income and expenditure.

But Provident disagreed. They said they had considered Mr F's self declared income and expenditure and that they'd also considered his previous good repayment history when approving his second loan. So they didn't think they'd done anything wrong.

But Mr F disagreed and he referred his complaint to this service. Our adjudicator reviewed the evidence but he didn't think Provident had been irresponsible with their lending. Given the relatively low level of lending he thought it was okay for Provident to rely on the declaration Mr F had made about his income and expenditure and he noted that previous repayment history had been good. He also reviewed Mr F's credit file and whilst he noted that there was a default on it, he explained that as this was after Mr F took out his second loan, Provident couldn't have been expected to take note of it.

But Mr F still disagreed. He said that at the time he was clearly a vulnerable person with a gambling addiction who was surviving on pay day loans. And he therefore asked for a final decision by an ombudsman.

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 know it will disappoint Mr F but I agree with the adjudicator's view. Please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Before agreeing to provide a loan a business should check that the loan is affordable. The type of checks which a business should carry out should be proportionate, so (for instance) a mortgage lender will ask for bank statements and payslips, but a catalogue offering a low credit limit doesn't have to go into so much detail.

In considering this complaint, I've looked at whether Provident carried out proportionate checks, and at what information they had been given about Mr F's financial circumstances.

The methods Provident used to establish affordability were for them to decide but the practices and procedures they used had to be effective. And the depth of their analysis could be proportionate to the amount of money being requested.

The loans were comparatively small loans and I would not expect Provident to apply extremely stringent analysis when authorising them – their analysis could be proportionate.

I can see that they relied on the information Mr F had provided about his income and expenditure. This demonstrated, for each application, that Mr F had enough disposable income to make the loans affordable. I don't think it was essential for Provident to check this information but I wouldn't expect it to be the only method they used to establish affordability - and it wasn't. Provident also considered Mr F's previous repayment history when approving his second loan and as he'd performed well on the first, they would have been encouraged that he could afford similar lending. He'd also told them that he was still in employment and although the loan was for more than the first one, which had been settled, the repayments were much lower. So I think it was reasonable for them to decide the loan was affordable.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 10 November 2018.

Phil McMahon
ombudsman