

complaint

Mr B complains that Provident Personal Credit Limited provided him with a number of loans without checking his income and expenditure. He says this caused financial difficulty.

background

Mr B first took out a loan with Provident in October 2008. He then took out a further seven loans with the last one being taken out in February 2011. He says he received offers of further loans via text and his existing loans were rolled over. He says he didn't complete income and expenditure checks with the agent.

Mr B says that although he made his repayments these caused him to struggle to pay other bills.

Provident says that its agent followed the procedures in place at the time. It says that it does not have copies of affordability checks for the loans, aside from the final one from February 2011. It says that the assessment for further loans was mainly based on Mr B's repayment history. It says Mr B had a good repayment history and that the income and expenditure information for the final loan shows this was affordable.

Provident says that Mr B made it aware of his financial difficulties in July 2011 and that it set up a reduced payment plan. It says that once it was aware of his financial situation no further loans were made.

The adjudicator said that she was not persuaded that Provident had acted irresponsibly. She said that information provided about the last loan shown Mr B could afford the repayments and that Provident assessed Mr B's repayment history when providing the loans. She said that Provident was not required to look at Mr B's credit report but that this was clear until February 2011 when the final loan was provided. She said that Mr B's bank statements showed that his account was generally well managed.

The adjudicator said that Provident assisted Mr B by reducing his weekly payments when he told it he was in financial difficulties.

Mr B did not agree.

my findings

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

Mr B's first loan from Provident was for £50. We expect the checks carried out to be proportionate to the lending. In this case, Provident says it carries out basic checks on a customer before it provides its first loan. It says that it checked that Mr B was in full time employment before it lent to him. Given the size of this initial loan, I do not find that the checks carried out were unreasonable.

Further loans were granted and it appears that these were provided based on Mr B's repayment history. Given the loans were being rolled into larger loans and that this happened on a number of occasions, I do find that it would have been reasonable for

Provident to do further checks to ensure that the new loans were affordable. This happened on the final loan but there is no evidence this happened on the previous loans.

Had further checks been carried out, these could have included considering Mr B's credit file. I have only been able to look at a recent credit file and so I can only base my comments on the information contained in that report that was relevant to the time of borrowing.

The report shows that Mr B was able to make his repayments to Provident. A default was recorded on a loan in February 2011. This default would not have been seen on his file when Provident made its final loan to him but the account was showing as in arrears prior to this date. Although this may have raised some concerns I do not find I have enough to say that this shows the lending was irresponsible.

I have looked at Mr B's bank statements for his joint account and I can see that during 2009 payments were returned and that while he was receiving loans from Provident the account went into debit on a few occasions. However, the account was generally in credit. Based on the information I have seen I do not find that if further checks had been carried out Provident would have realised the loans were unaffordable.

Mr B continued to make his repayments and on balance, I do not find that there is enough evidence to say that the loans provided to Mr B were unaffordable.

Mr B told Provident about his financial difficulties in July 2011 and reduced repayments were agreed. No further loans were provided after this date. I find this reasonable.

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 Mr B to accept or reject my decision before 15 March 2016.

Jane Archer
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