

complaint

Miss D complains that Provident Personal Credit Limited (Provident) sold her loans in November 2013 and March 2014 which were unaffordable.

background

Miss D said Provident didn't carry out sufficient checks to ensure the loans were affordable. She said had it carried out proper checks it would have realised she had taken out pay day loans and had mortgage arrears.

Our adjudicator thought that Provident should have done more. Provident said it had carried out appropriate checks and had relied on information Miss D provided about her income and expenditure.

One of my ombudsman colleagues considered this complaint. He issued a provisional decision in which he explained his findings. In summary, he said:

- That affordability checks must be *proportionate*. What is expected of a lender depends on several factors such as the size of the loan, the repayments, what the lender is aware of about the customer and the information the customer has provided.
- He noted that in Miss D's case, before taking each loan Provident asked Miss D to provide quite specific information about her income and household expenses which showed that she could afford the loans. She filled out and signed forms confirming this and her disposable income each month after expenses. These showed she could comfortably afford to meet the repayments. And there were places on each form where she could have reasonably filled in her other loan repayments or mortgage arrears but she left these blank.
- He noted Miss D's comments that Provident should have checked that she was giving true information. But the industry guidance said that a lender can rely on information which a customer has provided unless it has reason to suspect it isn't true. In this case, he didn't see why Provident would have suspected that Miss D was giving incomplete or false information.
- He said that although it would have been ideal for Provident to check more about Miss D's finances, he didn't think it had to because neither loan was high value and the repayments were fairly small each week and spread out over about a year. The first loan payments were £17.50 a week. And while the second loan increased Miss D's weekly repayments by £10, when she took it out it seemed she was paying the first loan without problems for several months. So he didn't think Provident would have suspected that it had to make more enquiries.

Following the provisional decision, both Miss D and Provident were given an opportunity to provide any further comment.

Provident did not have anything to add.

Miss D responded to express her disappointment at my colleague's provisional decision and said she still felt that Provident should have conducted further checks when it lent to her.

my findings

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

Whilst I have taken account of what my ombudsman colleague has said I am not bound by it. I have reviewed all of the information in this case to decide what I think the fair and reasonable outcome is here.

However, having considered the case afresh, I have reached the same conclusion as my colleague for much of the same reasons.

Looking at the specific circumstances of this case I don't think there was anything to alert Provident to the fact that Miss D's disposal income was not as she had suggested. Nor do I think the checks it conducted were insufficient in this particular instance in light of: the amounts borrowed; the amount of the monthly repayments compared to her declared disposable income; the pattern of Miss D's borrowing/repayments; and industry guidance at that time.

I am sorry to further disappoint Miss D, but I am unable to uphold her complaint.

I acknowledge Miss D's comments about not being able to afford to make repayments as she is without work. It remains open to her to contact Provident to discuss what assistance it can offer and an affordable repayment plan based on any income/expenditure assessment that it may require her to undertake. I would remind Provident of its responsibilities to treat customers who are in financial difficulties in a positive and sympathetic manner.

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 D to accept or reject my decision before 11 April 2016.

Siobhan Kelly
ombudsman