

complaint

Miss M complains that Provident Personal Credit Limited gave her several loans she couldn't afford.

background

Miss M says Provident gave her nine loans over several years. She thinks they were unaffordable and that Provident didn't carry out suitable affordability checks. Provident has offered to write off her outstanding debt (£1,445) as a gesture of goodwill. But Miss M hasn't accepted this. She says the loans put her into a debt spiral. So she wants Provident to refund the interest she paid on the loans.

Our adjudicator said we couldn't consider the loans Miss M took out before April 2007. That's because our service only has the power to look at loans from this date. But he considered the loans Miss M took out between December 2010 and May 2015 (loans 3 to 9).

Loan 3 was for £1,000. It was taken out in December 2010 and repaid in February 2012.

Loan 4 was for £400. It was taken out in November 2011 and repaid in December 2012.

Loan 5 was for £500. It was taken out in December 2011 and repaid in June 2012.

Loan 6 was for £1,000. It was taken out in February 2012 and repaid in July 2014.

Loan 7 was for £1,000. It was taken out in June 2012 and repaid in April 2015.

Loan 8 was for £500. It was taken out in December 2012 and repaid in October 2013.

Loan 9 was for £1,500. It was taken out in May 2015, and hasn't been repaid.

Provident has told us it considered what Miss M told it about her income and expenditure when it agreed to the loans - and these indicated that Miss M could afford them. Miss M says the information her Provident agent recorded about her income and expenditure details was inaccurate, and she was only asked to give rough figures.

Our adjudicator said he can't be certain of what was said when Miss M got the loans. And Provident hasn't been able to provide more information about this as the relevant agent doesn't work for it any more. But he could see that Miss M had signed the loan applications. So he thought Provident could reasonably expect Miss M to look at what she'd signed and ensure that her information was accurate. Given the value of the loans, he thought that Provident had done enough to check that Miss M could afford them. He could also see that Miss M kept up with the majority of her repayments, and that her bank statements show that for the most part, Miss M had a positive balance. He thought that indicated that Miss M could afford the loans she was given.

Miss M didn't tell Provident she was in financial difficulties. In the circumstances, our adjudicator thought Provident's offer to write off Miss M's outstanding debt was a fair and reasonable way to resolve this complaint.

Miss M disagreed, so I've been asked to review this complaint. After Miss M did this she provided more information.

my findings

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

Provident should only have given Miss M the loans if it had assessed her ability to repay, and decided they were affordable. It says that when Miss M took out the loans it didn't carry out credit checks. It looked at what she had told it about her income and expenditure.

Provident was entitled to rely on what Miss M told it about her income and expenditure, unless it had reason to suspect those figures were wrong. Taking account of everything that has been said and provided, I don't think it was reasonably clear to Provident that the figures Miss M gave were obviously wrong.

Good practice guidance says 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. Having looked at other information Miss M has provided, it appears that she took out a large number of short term loans over the period in which she took out the loans. She says she took out six loans in 2012 alone, and got 35 cash advances between 2010 and 2013. In this context I understand why Miss M says her Provident loans were unaffordable.

Miss M's statements and credit file shows that her real financial position was worse than what she told Provident. But Provident didn't look at this information before it gave her the loans. And I don't think it was required to bearing in mind the size of the loans Miss M took out (between £400 and £1,000) and her weekly repayment schedule.

I can also see:

- Loan 6 was taken out before loans 4 and 5 were repaid.
- Loan 7 was taken out a few months after Loan 6 was taken out, and before Loan 6 had been repaid.
- Loan 8 was taken out a few months after Loan 7 was taken out. It was also taken out before Loan 6 had been repaid.
- Loan 9 was taken out the month after Loan 6 was finally repaid. It wasn't repaid.

Taking all that into account, I've considered whether Provident should've asked Miss M more questions about her circumstances around the time it gave her Loan 6 in early 2012, and what would've happened if it had. I think the fact that she was taking out new loans before her old ones had been repaid indicated that she was under pressure at this time. But it's not clear what (if anything) she was asked at the time about her circumstances. Having considered what Miss M has told us about how she didn't want to say anything to stop her getting the loans, I don't think she would've told Provident she was borrowing money from other providers, and struggling financially at the time – even if she'd been asked. And I think Provident would've needed to look at Miss M's credit file to really appreciate the financial position she was in. That's because I don't think her bank statements suggested she was struggling at the time given that she was rarely overdrawn. And she was largely keeping up with her loan repayments. As I said above, Provident wasn't required to look at her credit file.

In the circumstances, I don't think it was clear to Provident that the lending Miss M asked for was unaffordable. It follows that I don't think it would be fair and reasonable to ask it to give her the refund she asks for. I can see that Provident has offered to write off Miss M's outstanding debt. That comes to £1,445. I think that's a fair and reasonable way to resolve this complaint in the circumstances.

my final decision

My final decision is that Provident Personal Credit Limited should pay Miss M the £1,445 it has offered to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 12 May 2017.

Laura Forster
ombudsman