

complaint

Miss R complains that Provident Personal Credit Limited lent her money irresponsibly because they failed to carry out proper affordability checks before the loans were agreed.

background

Miss R took out 5 loan agreements with Provident as follows:

- Loan agreement 7 August 2014 for £500. Repayments of £25 over 32 weeks.
- Loan agreement 28 November 2014 for £1000. Repayments of £30 over 63 weeks.
- Loan agreement 23 March 2015 for £1000. Repayments of £24 over 84 weeks.
- Loan agreement 16 October 2015 for £1200. Repayments of £36 over 63 weeks
- Loan agreement 5 February 2016 for £1400. Repayments of £33.60 over 84 weeks

Miss R says that the loans were unaffordable and left her in a position where she had to take out top up loans to make the repayments. She doesn't feel that Provident carried out sufficient checks to make sure she could afford the loan repayments.

When Miss R complained to Provident it said that the checks it had carried out showed that she had sufficient disposable income to afford the repayments. It said that Miss R had managed her accounts well until she told them she had lost her job in April 2016.

Miss R wasn't happy with Provident's response so she complained to this service.

Our investigator considered the case and felt that before approving Miss R's loan applications Provident had conducted reasonable and proportionate investigations into her financial situation. The investigator felt that the checks carried out by Provident were adequate.

Miss R didn't agree. She said that the Provident agent had told her what to put down as her outgoings in order to get the loans. She said that Provident had never confirmed her outgoings with her bank or with her credit card provider. Miss R said that if she had been able to afford the loan repayments she wouldn't have taken out top up loans.

my findings

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

In deciding whether it's appropriate to advance credit, lenders must undertake reasonable and proportionate checks to see if lending is affordable. The checks the lender is required to do depend on several factors including the amount of credit, the level of repayments, what the lender knows about the customer and the information the customer has provided.

When Miss R applied for the loans she provided information about her income and outgoings to Provident. Provident looked at this information in order to decide whether Miss R had sufficient disposable income to afford the loan repayments. Miss R has signed customer details forms for each loan confirming that the information she has provided to Provident is a true reflection of her financial circumstances. Provident is entitled to rely on the information provided by Miss R about her income and outgoings and having reviewed this information I

think the information provided by Miss R suggested that the loan repayments were affordable.

Provident carried out a credit check as part of its checks before it approved the loans. The credit checks showed that Miss R had several defaults. However, all of these defaults were historic and, when taken into consideration with the other available information, weren't a reason for Provident not to approve the loans.

Provident also reviewed Miss R's repayment history on other credit agreements she had with Provident. These showed that, although there were some missed payments, Miss R's loan accounts had generally been well managed with repayments made on time.

I've taken all of the information which was available to Provident at the time when the loans were approved into account. Based on this, I don't think there's any information to suggest that the loans weren't affordable or that further enquiries should have been made.

On balance and for the reasons I've explained, I'm satisfied that Provident carried out reasonable and proportionate checks before it approved the loans. I'm also satisfied that these checks showed the loans were affordable.

my final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 22 February 2019.

Emma Davy
ombudsman