

complaint

Provident Personal Credit Limited agreed four loans to Mrs G between December 2015 and December 2016. Mrs G complains that Provident was irresponsible in its lending, because she could not afford the repayments. She wants Provident to refund all interest and other charges applied to her loans, and to write off any outstanding amount owed.

background

Mrs M's first loan was taken out in early December 2015, for £200 over 14 weeks. The repayments were £20 per week. Provident calculated that Mrs M's Weekly Disposable Income (WDI), after taking these repayments into account, was just under £150. Eight required repayments were made, and the loan was then repaid in full in early February 2016.

The second loan was taken out just before the first loan was repaid, and was for £400 over 23 weeks. The repayments were £26 per week. Provident calculated that Mrs M's WDI was just under £17. Repayments of more than the required amount were made over 14 weeks, so that the loan was repaid in full in mid May 2016.

The third loan was taken out immediately after the second loan was repaid, and was for £1,200 over 63 weeks. The repayments were £36 per week. Provident calculated that Mrs M's WDI was just over £200.

Repayments of more than the required amount were made over 12 weeks. Repayments continued to be made over the following 16 weeks, but the loan account was in arrears for 15 of these weeks (up to a maximum of £60). The loan was repaid in full in week 29 (early December 2016).

The fourth loan was taken out at the same time as the third loan was repaid in December 2016, and was for £1,800 over 78 weeks. The repayments were £46.50 per week. Provident calculated that Mrs M's WDI was just under £475.

Irregular payments were made until early August 2017, although the account was in surplus. But, later that month, it went temporarily into arrears for three weeks. One more payment was made in early September 2017, taking the account out of arrears for two weeks, before it went permanently into arrears.

Provident responded to Mrs G in November 2017, saying that it was unable to uphold her complaint, which she then referred to us. Mrs G told us that she was on a low income when she applied for her loans, and for a period of time she was unemployed. She provided to us copies of her credit file and bank account statements.

Provident provided to us details of the income and expenditure information it said was obtained from Mrs G, as part of her applications. It told us:

- The necessary affordability checks were carried out, when Mrs G's applications were assessed
- These checks were proportionate, and gave it no reason to suspect that the loans were unaffordable or unsustainable

Our adjudicator did not think the complaint should be upheld. He had reviewed the documents provided by Mrs G, and he felt they contained insufficient evidence to suggest her loans would not be sustainable. He noted that Provident had not seen these documents, but the income and expenditure information it had provided led him to the same conclusion.

Our adjudicator acknowledged that the first three loans were repaid early, and subsequent loans were rolled on after the first loan – although he also noted Mrs G's generally good repayment history, until the fourth loan, suggesting that the earlier loans were manageable. He sympathised with her financial difficulties with the fourth loan. But he said there was nothing to suggest, at the time it was taken out, that it would be unaffordable.

Mrs G disagreed with our adjudicator. She challenged the veracity of income and expenditure information relating to her third and fourth loans, provided by Provident. And so this complaint was referred for review 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. Where evidence is incomplete, inconsistent or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence and wider circumstances.

The information provided by Provident contains itemised breakdowns of both income and expenditure. It also shows significantly different figures for total income and total expenditure, relating to each assessment. This does not suggest that figures have simply been carried forward to later assessments from earlier applications.

Although Provident says it relies on the veracity of information given to it by customers, it also notes that its customers do not always give it accurate income and expenditure figures. But its systems do not appear to include recorded sign offs by customers of figures actually given to it. And so Mrs G's challenge to this information cannot be definitively confirmed or refuted, in terms of whether or not it accurately reflects the figures she gave to Provident.

The lack of evidence relating to accuracy means, on balance, I am unable to find that the information provided to us by Provident was inaccurate. And I share our adjudicator's view that the documents provided to us by Mrs G contain insufficient evidence to suggest her loans would not be sustainable.

I have also reviewed Mrs G's payment history. I find that, in relation to her first two loans, it was excellent and the roll-over of loans gave no cause at all for concern. In relation to her third loan, it was not quite as good, but (without the benefit of hindsight) it gave no reasonable cause for concern. And, in relation to her fourth (18 month) loan, it was again good for the first eight months.

In these circumstances, I am unable to agree that any of the loans was the subject of irresponsible lending. This means I find that I have come to the same conclusion as our adjudicator, for similar reasons.

my final decision

For the reasons explained above, my final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 21 July 2018.

Roy Mawford
ombudsman