

complaint

Ms C says Provident Personal Credit Limited irresponsibly lent to her. She says that all of the loans weren't affordable and she struggled to make the repayments to them.

background

This complaint is about 13 home credit loans Provident provided to Ms C between July 2007 and July 2018. Ms C's lending history is below:

loan number	date started	amount borrowed (£)	term (weeks)	date ended
1	21/07/2007	150	55	26/04/2008
break in lending				
2	25/05/2010	200	52	01/06/2011
3	31/05/2011	300	50	28/06/2011
break in lending				
4	04/03/2013	200	32	04/07/2013
5	28/06/2013	250	32	22/10/2013
break in lending				
6	28/04/2014	100	32	20/08/2014
7	15/08/2014	200	32	15/08/2014
8	21/05/2015	200	32	08/12/2015
9	11/12/2015	200	32	22/12/2015
break in lending				
10	08/05/2017	150	26	24/10/2017
11	31/10/2017	160	26	21/02/2018
12	19/02/2018	200	52	19/04/2018
13	13/07/2018	270	52	20/07/2018

Our adjudicator upheld Ms C's complaint and thought that loan 9 and loans 11 to 13 shouldn't have been given. Provident agreed with our adjudicator and made an offer to settle the complaint on the same basis the adjudicator recommended.

Ms C disagreed. She said that she should receive compensation for all of the loans. As no agreement was reached the complaint was passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about high cost and short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Provident needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Ms C could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Ms C's complaint.

Ms C and Provident have accepted our adjudicator's opinion about loan 9 and loans 11 to 13. Because of this I don't think there is any ongoing disagreement about these loans. And having looked at all of the circumstances around these loans I agree with the proposed compensation for them. So I won't look further into this lending here.

But they were part of the borrowing relationship Ms C had with Provident. So they are something I will take into account when considering the other loans she took.

As my table above shows Ms C's lending followed a pattern over the time she and Provident had a lending relationship. Ms C would typically take between one to four loans at a time. She repaid these without any problems. There would then be a break in the lending. The shortest break was over six months between loans 5 and 6 with the longest being over a year and half between loans 1 and 2.

So, given the number of loans and the length of the breaks, I think it would've been reasonable for Provident to treat Ms C as essentially being a new customer when she borrowed again after a break. Because of this, less thorough checks might be reasonable and proportionate. I think this applies in the groups of loans that started with loans 1, 2, 4, 6 and 10.

Looking at the information both sides have supplied I can see that Miss B wasn't employed during the time she borrowed from Provident. That said she did receive regular benefits and I've seen a record of the information Ms C provided when she completed her loan applications. On average Ms C said she had a weekly income of around £250 and she had regular weekly outgoings of around £150.

All of these loans were for relatively modest amounts. And they were repaid over a longer period. So the repayments were lower. Given the loan repayments were low, and bearing in mind the other factors I've talked about in respect of Ms C's lending pattern, I think it would've been reasonable for Provident to think that Ms C could afford the repayments to loans 1 to 8 and loan 10.

I haven't seen any further information that shows its likely Provident was made aware of any financial problems Ms C might've been having. Or anything that would've prompted it to investigate her circumstances further. So I think it was reasonable for Provident to rely on the information it obtained.

So overall, in these circumstances, I think the assessments Provident did before approving loans 1 to 8 and loan 10 were proportionate. And I think its decisions to lend for these was reasonable. I'm not upholding Ms C's complaint about them.

As I said earlier, Provident should put things right for loan 9 and loans 11 to 13 as it has offered to do.

putting things right – what Provident needs to do

- refund all interest and charges Ms C paid on loan 9 and loans 11 to 13;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement†;
- All entries about loan 9 and loans 11 to 13 should be removed from Ms C's credit file.

†HM Revenue & Customs requires Provident to take off tax from this interest. Provident must give Ms C a certificate showing how much tax it's taken off if he asks for one.

my final decision

For the reasons I've explained, I partly uphold Ms C's complaint.

Provident Personal Credit Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms C to accept or reject my decision before 8 August 2019

Andy Burlinson
ombudsman