

## complaint

Ms C complains that a second loan was lent to her irresponsibly by Provident Personal Credit Limited. When she took that second loan a mistake on the previous loan balance had been made by the Provident representative. Ms C says that one of the reasons she agreed to the second loan was because she was told the Loan 1 balance was lower than it was.

## background

Ms C had a loan with Provident and she took a second in June 2018. Provident's Agreement Summary has been used to set out a brief loan table.

Loan	Issued	Value	Total due	Charges	ESB	Weekly Rate	Weeks
*1866	06/01/2018	£700.00	£1,310.40	£610.40	0.00	£25.20	52
*3388	19/06/2018	£410.00	£767.52	£357.52	0.00	£14.76	52

ESB refers to 'early settlement balance'.

On 21 April 2020 I issued a provisional decision. That is attached to this final decision and forms part of it.

Originally, I invited both parties to come back to me with their views and more evidence, if they wished, by 5 May 2020. We have not heard from Provident. We did hear from Ms C who disagreed with the provisional decision outcome and the compensation sum suggested. Ms C made several points which I have summarised here:

- she had applied to reduce her work hours because she thought she had almost finished paying for Loan 1;
- applications for a bank loan, and to be added to a bank account failed. Ms C said that these were due to the incorrect information added to her credit file because of these events surrounding the loans;
- she explained that it was humiliating for her and caused distress;
- the £250 compensation sum is disgraceful.

And in light of her concerns I extended the reply date to 19 May 2020 to give her more time to send evidence of the issues she had raised. I explained that without specific evidence then I would not be able to draw conclusions and make decisions.

We informed Provident that the reply date had been extended. But I have not received anything more from Ms C and nothing from Provident.

The complaint remains unresolved and was passed to me for a final decision.

## my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I have taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

In light of Provident's acceptance of the error then I do not need to make any findings on that aspect: the issue remaining was what ought to be done to make things right for Ms C.

I said in my provisional decision that I accept that this error has caused stress and anxiety in general, added to which the matter has affected Ms C's credit file, and the debt has been sent to a collection agent which would have added to the stress. I had taken this into account when considering how to put it right for Ms C.

I am sorry to hear a few more details about the upset that this has caused to Ms C. But without evidence of her reduced hours and what that has meant to her financially, I am not able to come to any firm conclusions. And I have nothing which specifically links the failed bank loan and bank account applications to a specific Provident entry on her credit file.

And in any event, the proposed resolution to put this right, so far as possible, was set out in my provisional decision and, without any further evidence then I repeat them here. I think that the combination of the interest free credit for the second loan and the compensation plus the credit file amendments is fair and reasonable.

### **putting things right – what Provident and Ms C need to do**

- Loan 1 will have to be repaid which means £1,310.40 (inclusive of all interest and charges) as agreed in January 2018; and
- Provident needs to calculate how much it has received *in total* from Ms C on Loan 1 and reduce the full balance by that; and
- the repayments to clear the balance remaining on Loan 1 need to be agreed between Ms C and Provident and for it to remember to treat Ms C sympathetically if a repayment plan is needed to be put in place; and
- the Loan 2 principal of £410 needs to be repaid by Ms C and Provident must remove all the unpaid interest and charges and deduct all the repayments paid towards Loan 2 as if they were made to pay down the principal sum; and
- both loans need to be pulled back from the collection agent and any of its charges are dealt with as between Provident and its agent with no cost to Ms C; and
- Ms C's credit file needs to be corrected for Loan 1 and, once Loan 2 has been repaid, all records of Loan 2 removed completely. I say this because although Ms C is repaying the £410 which stems from Loan 2, I do not think it fair that this is registered on her credit file as a loan.

For the upset and anxiety caused in general to Ms C, to compensate her for the error, and for the additional upset caused because of the involvement of a collection agent which I do not think would have been necessary, had the error not been made, I award £250. The £250 for Ms C is **not to be paid as a reduction of any balance** but a payment directly to her.

The whole rationale behind compensation is for those monies to be a sum for Ms C, not simply to be reintroduced back to Provident by a balance reduction. It may be that Ms C does choose to use that money to pay off some of the outstanding balances. But that is a matter for her to choose – not for Provident to choose that it is done for her.

### **my final decision**

My final decision is that I uphold Ms C's complaint and Provident Personal Credit Limited should do as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 26 June 2020.

Rachael Williams  
**ombudsman**

***my provisional decision dated 21 April 2020***

Provident's final response letter (FRL) dated September 2018 said that a Provident representative had made an error – apologised and upheld that part of Ms C's complaint.

As an apology Provident reduced – or offered to reduce - Ms C's balance by £60.

Another element of Ms C's complaint addressed in the FRL related to a refinancing concern brought by Ms C. Ms C did not include that in her complaint form with us and so I have not addressed it. I assume that has been resolved.

Ms C brought her complaint about the mistake and Loan 2 to us in late November 2018.

In February 2019 Ms C received from Provident's debt collection agent details that the outstanding balance was £1,222 (rounded up by me). Provident has said that it was passed to this agent as no repayments had been received for some time. This seems to be an addition of both loan balances together.

One of our adjudicator's investigated and as a result Provident sent to us photographic details and accepted that an incorrect entry in the payment book had taken place on 15 May 2018. It explained: *'The customer's balance at the time of applying for the second loan was £755.40. The customer was given a lower balance in her book which was £452.00. There was a difference of £303.40.'*

Provident went on to say: *'We would like to offer to put the customer in the position she believed she was in at the time of applying for the second loan. This would mean reducing her balance by £303.40. We also propose to remove any adverse information on her credit file from 19/06/2018 to present. This will leave the customer with a balance of £918.52 to repay.'*

This offer was put to Ms C with an explanation that it was a reasonable one. Ms C declined it. The matter has remained unresolved and so was passed to me for a decision.

**my provisional findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I have considered the law and good general practice when considering this decision.

I have outlined all the relevant details in the 'background' section to this provisional decision. Provident has accepted, and sent photographic evidence, of the incorrect entry in the payment book. Following on from that error in May 2018 the repayment book shows five additional repayments entered, together with the additional incorrect balance entries, leading up to 19 June 2018. So, the error was repeated several times.

Ms C has given us details of how she *'...would never have taken another loan had I known the correct balance on the first one was.'*

In light of Provident's acceptance of the error then I do not think that I need to make any findings on that: the issue is what ought to be done to make things right for Ms C.

Provident has said it wishes to *'put the customer in the position she believed she was in at the time of applying for the second loan.'* And I agree with that approach and it seems that Provident does too.

But the offer made does not put Ms C back into that position. My provisional decision is that I accept that Ms C would not have taken that second loan for £410 if she had realised that her first loan still had a £755 balance on it. Provident's resolution leaves Ms C with two loans with interest to pay off and a credit file showing both. I explain my provisional findings and decision in more detail here.

Loan 1 was agreed by Ms C in January 2018. Whilst I have made a provisional finding that she would not have taken the second loan if she had realised what the true Loan 1 balance was in mid-June 2018, if the true balance had been known to her at that time, she would likely have continued to repay Loan 1. So, putting Ms C back into the position she would have been in had the error not been means that the Loan 1 agreement ought not to be affected. It still needs to be repaid in full. I hope that Ms C understands that.

I can see that before the second loan was taken Ms C was a regular payer. I anticipate that had the second loan never been given, it's likely the first loan would have been repaid on time or close to that 52<sup>nd</sup> week of the agreement end date. I do not know this for certain but looking at Ms C's repayment history from January to June 2018 I think that is a reasonable assumption to make. Her repayments added up to between £80 and £100 in each of those months. And they were likely to have continued and it would have been unlikely that a collection agent would have been involved.

I do accept that this error – which was repeated by the Provident representative at least five times from May to June 2018 - has caused stress and anxiety in general, added to which the matter has affected her credit file, and the debt has been sent to a collection agent which would have added to the stress. I have taken this into account when considering how to put it right for Ms C.

I have to consider that Loan 2 did involve the receipt of £410 cash by Ms C and that she has had the benefit of that. I know that Ms C wants this to be written off, but in fairness to both parties I do not think that is the correct resolution. I do think it ought to be interest free for Ms C.

I set out below what I consider this to be fair to both parties to put this right. I am planning to direct that this is what Provident and Ms C should do:

- Loan 1 will have to be repaid which means £1,310.40 (inclusive of all interest and charges) as agreed in January 2018; and
- Provident needs to calculate how much it has received *in total* from Ms C on Loan 1 and reduce the full balance by that; and
- the repayments to clear the balance remaining on Loan 1 need to be agreed between Ms C and Provident and for it to remember to treat Ms C sympathetically if a repayment plan is needed to be put in place; and
- the Loan 2 principal of £410 needs to be repaid by Ms C and Provident must remove all the unpaid interest and charges and deduct all the repayments paid towards Loan 2 as if they were made to pay down the principal sum; and
- both loans need to be pulled back from the collection agent and any of its charges are dealt with as between Provident and its agent with no cost to Ms C; and
- Ms C's credit file needs to be corrected for Loan 1 and, once Loan 2 has been repaid, all records of Loan 2 removed completely. I say this because although Ms C is repaying the £410 which stems from Loan 2, I do not think it fair that this is registered on her credit file as a loan.

In relation to the £60 'reduction in balance' mentioned in Provident's FRL (September 2018), I cannot see from the records I have that this was done and so I do not think that it was. It may be that it remained as an 'offer'. So, I have factored that into my overall thoughts on the redress for Ms C.

For the upset and anxiety caused in general to Ms C, to compensate her for the error, and for the additional upset caused because of the involvement of a collection agent which I do not think would have been necessary had the error not been made, I award £250. The £250 for Ms C is **not to be paid as a reduction of any balance** but a payment directly to her.

The whole rationale behind compensation is for those monies to be a sum for Ms C, not simply to be reintroduced back to Provident by a balance reduction. It may be that Ms C does choose to use that money to pay off some of the outstanding balances. But that is a matter for her to choose – not for Provident to choose that it is done for her.

***End of this extract***