

complaint

Miss J says that Provident Personal Credit Limited (“Provident”) irresponsibly lent to her.

background

Miss J took out five loans with Provident between June 2012 and September 2013. As follows:

	opened	amount	settled
loan 1	June 2012	400	June 2013
loan 2	September 2012	200	June 2013
loan 3	March 2013	400	October 2013
loan 4	June 2013	500	outstanding
loan 5	September 2013	700	outstanding

Part of loan four appears to have been used to settle what remained of the first two loans.

Miss J says that Provident shouldn’t have lent any of this money to her as she was struggling financially and clearly couldn’t afford the repayments. She said the interest levels were too high and she was borrowing to pay off loans. So she complained to Provident.

But Provident disagreed with Miss J. They explained that they had taken self declarations of income and expenditure before each loan and that they’d performed credit file checks as well. They said they used this information to generate their own credit scoring and as this suggested Miss J could afford the loans, they thought they’d done nothing wrong.

So Miss J referred her complaint to this service and our adjudicator took a look. He initially doubted whether Provident had performed adequate checks but when they provided further information they were able to satisfy him that they had. He noted that they had consulted Miss J’s credit file and as a result may not have looked at her bank statements -where they may have noticed other lending.

But Miss J was still dissatisfied so she asked for a final decision 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.

I know it will disappoint Miss J but I agree with the adjudicator’s view. Please let me explain why.

Where the information I’ve got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

Before agreeing to provide a loan a business should check that the loan is affordable. The type of checks which a business should carry out should be proportionate, so (for instance) a mortgage lender will ask for bank statements and payslips, but a catalogue offering a low credit limit doesn't have to go into so much detail.

In considering this complaint, I've looked at whether Provident carried out proportionate checks, and at what information they had been given about Miss J's financial circumstances. The methods Provident used to establish affordability were for them to decide but the practices and procedures they used had to be effective. And the depth of their analysis could be proportionate to the amount of money being requested.

The loans were comparatively small loans and I would not expect Provident to apply extremely stringent analysis when authorising them – their analysis could be proportionate.

I can see that they relied on the information Miss J had provided about her income and expenditure. I don't think it was essential for Provident to check this information but I wouldn't expect it to be the only method they used to establish affordability - and it wasn't. Provident has explained, and provided evidence of, the internal credit scoring and credit file checks they subsequently performed. And as these reviews didn't highlight any problems I think they were right to advance the credit that they did.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 10 November 2018.

Phil McMahon
ombudsman