

complaint

Miss Y complains Provident Personal Credit Limited wrongly recorded missed payments with credit reference agencies, adversely affecting her credit history.

background

The background to this complaint, and my initial conclusions, are set out in my provisional decision dated 2 April 2015 – a copy of which is attached to, and forms part of, this final decision.

In my provisional decision I explained why I considered Miss Y's complaint should be partly upheld. And what Provident should do to make things right. And I invited the parties to comment further before I reconsidered the complaint and issued my final decision.

Provident has accepted my provisional decision.

But Miss Y considers I haven't taken all she has said into account. And she says my findings are unfair because:

- there is evidence that Provident is at fault
- although standard letters about her account were sent every six months Provident should have chased missed payments separately
- she never made any payments at the office
- she has been the victim of errors made by a Provident agent who went missing and made mistakes
- she complained to Provident about payments made which weren't recorded; and
- £75 isn't enough compensation for all she has been through.

my findings

I have reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusions overall as those set out in my provisional decision - for much the same reasons.

I realise Miss Y is most disappointed and feels very strongly that she has been treated unfairly. I can see she has been doing her best to pay off her debts – so I understand her frustration at the situation she finds herself in.

I have found that Provident should have done more to explain how it records arrears and handled Miss Y's complaint better – and that it should compensate Miss Y by paying her £75 for the trouble and upset she experienced as a result.

But, I can't exclude the fact that Miss Y didn't meet all of her contractual payments in full when they fell due. And Provident is obliged to record information accurately with credit reference agencies. So I can't reasonably find that it was wrong to record that Miss Y missed payments. Nor can I fairly require Provident to amend her credit record in the circumstances. And I am not persuaded that there are grounds here for me to fairly depart from the conclusions set out in my provisional decision.

my final decision

My decision is that uphold this complaint in part. In full and final settlement, I order Provident Personal Credit Limited to pay Miss Y £75 compensation for the trouble and upset she experienced because of its poor record keeping and complaint handling.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss Y to accept or reject my decision by 15 June 2015.

Claire Jackson
ombudsman

copy provisional decision

complaint

Miss Y complains Provident Personal Credit Limited wrongly recorded missed payments with credit reference agencies, adversely affecting her credit history.

background

In 2012 Miss Y checked her credit file and found Provident had recorded missed payments on two of her loans. She accepts she made reduced payments on occasion, due to illness, but says she never missed a payment. And she considers Provident's records are wrong, so it should rectify her credit file.

Provident says Miss Y didn't meet her contractual payments as they fell due. And if a customer makes reduced payments it records a "missed" payment when the arrears add up to what should have been paid over 4.33 weeks. So it wasn't wrong to record missed payments on Miss Y's credit file.

Our adjudicator recommends that the complaint should be upheld in part. Having considered Provident's records and Miss Y's payment book, she isn't persuaded that Provident maintained an accurate record of collection visits and payments made. She recommends that Provident should amend Miss Y's credit file, refund £36.42 plus interest, pay Miss Y £100 compensation and agree an appropriate repayment arrangement for her remaining debt.

Provident says it sent Miss Y letters about her arrears - so if she made payments that weren't recorded it would have expected her to say so earlier. And it has to record information with credit reference agencies accurately so it can't amend her credit history. It accepts there have been discrepancies recording payments in her book - but says they have been rectified and aren't relevant to the question of missed payments.

my provisional findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

I understand that Miss Y was concerned to discover that Provident reported adverse information about two of her accounts to credit reference agencies. She says she never missed a payment and Provident should have warned her if it intended to record such information.

Provident is entitled to provide information about the management of a customer's accounts to a credit reference agency if the customer agrees. And I am satisfied that agreement is part of the standard terms and conditions of Miss Y's accounts. Those terms and conditions also warn customers that missed payments may adversely affect their ability to get credit.

And Provident's records show it sent Miss Y at least 12 arrears letters - which also referred to the importance of maintaining payments. I appreciate Miss Y says she never received any correspondence chasing payments. But, on balance, I'm satisfied the letters were sent, so I can't fairly hold Provident responsible for that. And I am not persuaded it didn't tell Miss Y about arrears and that missed payments might affect her credit status.

payment history

Miss Y has provided copies of relevant pages from the book used to record payments collected at her home. And Provident has provided copies of its electronic records. I have reviewed both carefully.

Account ending 558

This was a fixed sum loan over 81 weeks with a weekly repayment of £28.80 taken out in September 2009. Miss Y's book shows she met the required weekly payment for the first six weeks. Then the next payment (for about one third of the weekly amount) is dated January 2011. Provident's electronic records show one £10 payment (in October 2010) was made between mid October 2009 and January 2011. So I'm satisfied that Miss Y had missed over one year's weekly payments on this account by January 2011.

I can see that Miss Y began to maintain regular payments after that. But these were rarely in the agreed amount. The loan should have been repaid within 81 weeks – by April 2011. But by that time less than £400 had been repaid. The loan was paid off in May 2014.

Account ended 854

This was a fixed sum loan taken out in November 2011 repayable over 106 weeks with a weekly payment of £26. Miss Y's payment book shows that she made the required weekly payment once in the first year. She made regular payments but these were often less than the contractual amount. And by the end of the first year Miss Y had paid just over half the amount due by that point. The loan was due to be repaid by December 2013 and has a current balance of just over £300.

was Provident wrong to record missed payments ?

Our adjudicator couldn't be certain Miss Y received a collection visit every week because Provident didn't make a note in her book every time an agent called (if no payment was made). But, Miss Y has an obligation to maintain her contractual payments. I can see from Provident's electronic records that she sometimes made payments at the office. And Provident told Miss Y about other ways to pay in correspondence. So, even if a collection agent didn't call every week, I can't fairly find that Miss Y was entitled to miss payments as a result.

Provident provides home credit and allows its customers some flexibility in the way they pay. It says agents may agree reduced or missed payments with customers – and no late or reduced payment fees are applied. But, when the amount of arrears adds up to one month or more, it reports missed payments to credit reference agencies.

Current industry guidelines¹, on reporting arrears to credit reference agencies, say *“the home credit agent may agree part or missed payments (at no extra cost) which are not themselves reported. But once a customer has missed value of 4.33 weekly payments (equivalent to one month's arrears) that is reported as arrears”*.

Provident is obliged to provide accurate and up to date information to credit reference agencies. So I'm not persuaded that I can safely conclude that Provident was wrong to report that Miss Y had missed payments. And I can't fairly require it to amend her credit file.

accounting discrepancies

Our adjudicator found discrepancies in Miss Y's payment book - when the balance was adjusted up £36.42 (on account 854) and down £37.50 (on account 558) in November 2012. I have compared the book with Provident's electronic records. And I'm satisfied that for six weeks between the end of June 2012 and the start of August 2012 payments were recorded against the wrong accounts. Provident's electronic records show £20 a week paid for that

¹ Principles for the reporting of arrears, arrangements and defaults at credit reference agencies

period on account 558 whereas Miss Y's book shows payments of £15 for 558. But Provident's record of account 854 shows £15 being paid for those six weeks whereas Miss Y's book shows £20 for the same period.

I have also noted some small addition and subtraction errors in Miss Y's book – and credits that are recorded in Provident's electronic record but don't appear in Miss Y's book. It is regrettable that Miss Y's book contains such discrepancies. But I'm satisfied that Provident's electronic records are accurate – and the differences between the two are in Miss Y's favour. So I'm not persuaded that Provident has overcharged Miss Y. And it would not be fair of me to order it to make a refund in the circumstances.

I can see that Provident sent Miss Y annual statements of account. And I consider it's likely that Miss Y would have noticed if she made additional payments which weren't recorded and said so. She didn't, and I'm not persuaded that I can reasonably conclude she made payments that weren't credited to her accounts.

Redress

Taking account of the circumstances overall, I am not persuaded that Provident was wrong to record adverse information against Miss Y's credit file. Or that it made accounting errors which require a refund. But I have found mistakes were made in the recording of Miss Y's payments in her collections book. These have understandably caused her some concern. And Miss Y says she repeatedly asked for an explanation but no one explained properly that paying less than the weekly amount added up to missing payments.

I think Provident could have done more to explain clearly how it records arrears - and to investigate and reassure Miss Y about how the accounting errors in her book arose. I'm satisfied, on balance, that Provident's failure to do so has caused Miss Y additional trouble and upset. So I find it should pay her £75 compensation for that.

I realise my decision is likely to disappoint Miss Y because it doesn't require Provident to change the information it supplied to credit reference agencies. But Miss Y is able to ask for a Notice of Correction to be added to her file. This could be used to explain why she missed payments. And that information would then be available to anyone reviewing Miss Y's credit file and considering her creditworthiness.

my provisional decision

For the reasons set out above, and subject to any further information or representations I may receive by 5 May 2015, my provisional decision is that I intend to uphold this complaint in part. And I require Provident Personal Credit Limited to pay Miss Y £75 compensation for the trouble and upset its poor record keeping and complaint handling caused.

Claire Jackson
ombudsman