

complaint

Miss F complains that Provident Personal Credit Limited ought not to have lent to her as she couldn't afford to borrow from it.

our initial conclusions

Our adjudicator didn't recommend that Miss F's complaint should be upheld. She thought that Provident had done sufficient checks before it lent to her. And she didn't agree that it ought to have done more in the circumstances.

Provident accepted this recommendation. Miss F rejected it. In summary, she thought that Provident should've done further checks and it hadn't gone far enough to establish what her true financial situation was. She suggested it shouldn't have relied on what she told it. Further, if it had dug deeper, she thought, it would've found that she was also borrowing from other providers and was only able to meet her repayments to it by borrowing elsewhere.

Miss F also asked if it wasn't right for those other lenders to lend to her then why was it right for Provident to do so.

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've finished reviewing Miss F's complaint. I don't think I've any proper basis on which to uphold it. Please let me explain why I've come to this conclusion.

Miss F took out about 14 home credit loans over a two year period. Miss F tells us that the pattern of her borrowing should've alerted Provident to the fact that she was struggling and was getting further and further into debt with each loan. Her payment history was good but again she says this masked the fact that the only way she was managing was by borrowing from others, although it doesn't appear she ever told Provident any of this at the time.

Miss F is correct to point out that when lending money to a consumer, Provident is required to ensure the consumer can repay the borrowing in a sustainable manner without it adversely impacting on their financial situation. A lender should obtain sufficient information to make an informed decision about the lending. Exactly what a lender should consider is for each lender to decide and the guidance and rules list a number of things each lender may wish to consider. Any checks should be proportionate, based on the size of the borrowing.

If I thought Provident hadn't done proportionate checks I'd then be looking to see what it would've found if it had done them. And if this showed that the lending was unaffordable I'd think it fair and reasonable to ask Provident to take action to put things right.

Provident has told us about its lending model and about the checks it does. It explains that it did check Miss F's income and expenditure before each lending decision. It also says it asked her about her financial situation each and every time. And it says it used up-to-date credit bureau information at least part of the relevant time. Further it explains it lends to consumers who might struggle to get credit elsewhere. It says its consumers typically use it to help them with life's planned and unplanned events. It suggests that its consumers tend to

have little leeway in their finances, so repeat small borrowing is a normal occurrence. It says this pattern of behaviour by itself wouldn't have made it think Miss F was struggling.

Miss F seems to have been in a stable employment situation throughout the relevant period. Further although she says she didn't tell Provident about her income and expenditure after the first time she borrowed it says different. It says it did check because this was its normal process and its records back up what it says and I can't see why it was likely it would've deviated from its normal process just in Miss F's case.

It appears she didn't give it the full picture about her other borrowing and in the circumstances I think it was entitled to rely on what she told it about her financial circumstances. I say this because what she told it wasn't so unlikely on the face of it that I would've expected it to carry out further checks. The fact that she borrowed frequently, in all the individual circumstances of this case don't make me think by itself, this was enough to say Provident should've done more.

Further her payment history tallied with what Provident knew about her. All in all, on the face of it her borrowing was within the limits of what she could afford and she was seemingly managing her repayments albeit she had to manage her finances carefully as they were finely balanced.

Taking everything I've seen into account, I don't agree Provident failed to do appropriate checks. It follows I don't think that it's fair and reasonable to say Provident must take further action.

I realise that Miss F may have had a different outcome to this in other complaints. I don't know the details of those complaints so I can't comment. In any event, all I can look at here is the circumstances of this individual complaint. Further, it would be improper for me to say that just because those complaints may have been upheld this means this complaint ought automatically to be upheld as well.

my final decision

My final decision is that I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 25 October 2017.

Joyce Gordon
ombudsman