

## **complaint**

Mr W complains that Provident Personal Credit Limited (“Provident”) agreed to lend to him when the loans weren’t affordable.

## **background**

From May 2010 Mr W took a large number of loans with Provident. The loans taken out before September 2013 were repaid, generally early, and Provident said it saw no reason to refuse further applications for credit based on the information available to it.

Mr W says he had a history of re-financing his borrowing with Provident, often at the earliest opportunity. He believes this should have shown the borrowing wasn’t affordable.

One of our adjudicators considered Mr W’s concerns and agreed that Provident hadn’t acted correctly.

He said Provident hadn’t properly considered the applications because the number of loans applied for, and the amounts borrowed, suggested they weren’t affordable. He also said repayments had been infrequent and if Provident had checked Mr W’s bank statements or credit file it would have noticed he borrowed from a number of other sources, including payday lenders.

He recommended that Provident refund all the interest and charges Mr W had paid since 3 January 2012, with interest, and also that it remove all the information added to Mr W’s credit file since that date.

Provident disagreed. It said Mr W’s payment history had been good and that it wasn’t expected to check a borrower’s credit file (referring to a previous decision issued by an ombudsman at this service).

The complaint has now come to me for a final decision.

## **my findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

When a complaint is referred to this service it’s considered on its own merits, rather than on the basis of what might have happened before in a similar complaint. And that’s what I’ve done here. I’ve also only taken into account the information that would have been reasonably available to Provident at the time the loans were agreed.

Provident has argued its lending criteria shouldn’t be judged on the basis that it should have carried out a check of Mr W’s credit file, but I don’t think whether or not such a check was made is the key factor here.

The loans Mr W was provided with from October 2010 until the end of 2012 were all repaid early, with new loans being provided again by Provident with a few days of repayment. I think this emerging and sustained pattern does raise questions about whether Mr W could actually afford the loans he was given.

I think the way Mr W operated his Provident accounts is consistent with him needing to re-finance and borrow more money in order meet his essential expenditure and pay the interest on existing debts.

Given the number of loans Mr W was taking out, and the amounts involved, I'm satisfied Provident should have been more rigorous in the checks it carried out on his applications from January 2012 onwards.

**final decision**

My final decision is that to now put things right I order Provident Personal Credit Limited to:

- Refund the interest and charges Mr W has paid from (and including) January 2012, with interest at 8% simple from the date of payment to settlement.
- Waive any outstanding interest or charges due, so he only repays the capital amounts borrowed.
- Remove all information recorded on Mr W's credit file from, and including, 3 January 2012.
- Pay Mr W £150 for the distress caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 October 2015.

Ashley L B More  
**ombudsman**