

## **complaint**

Miss S complains that Provident Personal Credit Limited lent irresponsibly by giving her loans that were unaffordable.

## **background**

Provident provides home credit. Between May 2009 and January 2016 Miss S had 22 loans from them. The majority of her first six loans were for £500 or less. On four occasions multiple loans were taken out on the same day:-

- 11 October 2010 there were two loans totalling £2,500
- 25 August 2014 there were five loans totalling £2,500; and
- 27 October 2014 there were five loans totalling £2,000; and
- 9 February 2015 there were two loans totalling £1,400.

Miss S says Provident shouldn't have given her these loans because they were unaffordable for her. She says she had had to take out loans with other lenders to make ends meet, and her poor credit history should have been taken into account. Provident said they felt checks they'd carried out were appropriate. Miss S disagreed and brought her complaint to our service.

The adjudicator thought that the checks were adequate for the first 6 loans. The next two loans were taken on the same day (11 October 2010 as outlined above) and added together were for much more than she'd previously borrowed. He thought this should have triggered further checks by Provident, but decided that if they'd been made it was likely the loan would have been granted anyway based on Miss S's financial circumstances at the time.

The next loans weren't until almost four years later – they are the five loans of 25 August 2014, totalling £2,500. The adjudicator thought the passage of time and the amount involved should have triggered more detailed checks. If Provident had carried out such checks he thought it was unlikely they'd have given her those loans, or the ones which followed. He asked them to refund interest and charges on loans 9 to 22, pay appropriate interest on that amount, and to remove adverse information relating to those loans from her credit file.

Both parties asked for an ombudsman to look at the case. Miss S didn't think the award covered enough of the loans. Provident felt the checks they'd done had been sufficient. The matter came to me to decide.

## **my findings**

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

Before agreeing to lend, lenders need to be satisfied that a borrower can afford to pay back the loan. The checks they need to make must be proportionate, but there's no set list of checks that need to be made. I can see what Miss S has said about her credit history, but that doesn't mean she should have been refused credit. It's for the lender to assess the risk

of giving a loan. For loans 1 to 6 the amounts of the loans and the repayment periods meant what Miss S had to pay back each week was relatively low. I don't think it was unreasonable for Provident to decide that these loans were affordable for Miss S.

In October 2010, the amount borrowed increased. Since checks need to be proportionate I think it would be reasonable for this to have prompted more detailed checks. But I agree with the adjudicator that even if more detailed checks had been made, on balance, it's likely the loan would still have been granted taking everything into account.

There was a long gap before the next loans were granted - nearly four years. Again the total borrowing was £2,500. I can see that the fact Miss S had had a loan of this size before - and repaid it - would be something that Provident would take into account, and I wouldn't criticise them for that. But that had been some time before, and a lot can change in four years. I'd have expected the amount of borrowing to trigger more detailed checks. If Provident had done them at this point, I think her circumstances would have made it unlikely they would have granted this loan or the ones which followed. I think that what's been proposed by the adjudicator is a fair way to resolve this complaint.

### **my final decision**

My final decision is that in order to resolve this complaint I require Provident Personal Credit Limited to:

- refund interest and charges for loans 9 to 22, granted between 25 August 2014 and 9 January 2016; and
- pay 8% simple interest on that amount from the date of each payment to the date of settlement; and
- remove any adverse information relating to loans 9 to 22 from Miss S's credit file.

If Provident Personal Credit Limited considers that they are required by HM Revenue & Customs to withhold income tax from that interest, they should tell Miss S how much it's taken off. They should also give Miss S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 20 July 2017.

Nicola Crabb  
**ombudsman**