

complaint

Mr M says Provident Personal Credit Limited (Provident) lent to him irresponsibly. He says that he advised it that he was in debt and that he couldn't afford the loan repayments.

background

This complaint is about one instalment loan Provident provided to Mr M in August 2011. Mr M borrowed £300 and it was due to be repaid over 31 weeks with a repayment of £15 a week. Mr M hasn't been able to fully repay this loan.

Our adjudicator didn't uphold the complaint. Mr M disagreed with the adjudicator's opinion so the complaint has been passed to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term and high cost credit - including all of the relevant rules, guidance and good industry practice - on our website.

Provident needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr M could repay the loans in a sustainable manner.

These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Provident should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Mr M's complaint. I've decided not to uphold Mr M's complaint and I've explained why below.

Mr M needed to repay around £15 a week for just over six months. Given this is a relatively modest amount, and that this was the first loan he took from Provident, I think less thorough checks would be reasonable.

Because of the time that has passed Provident has been unable to supply all of the information it took when it approved the loan, and I don't consider this to be unreasonable. I understand it would've asked Mr M about his income and regular expenditure at the time. Mr M says Provident just asked if he wanted the loan. I've thought about what Mr M has told us, but I think it is more likely than not that Provident did carry out some sort of affordability assessment before approving this loan.

I've taken what both sides have said into consideration but I haven't seen any information that shows its likely Provident was made aware of any financial problems Mr M might've been having. Or anything that would've prompted it to investigate his circumstances further. So I think it was reasonable for Provident to rely on the information it would've obtained.

So overall, in these circumstances, I'm persuaded that it is more likely that the assessment Provident did before approving this loan was reasonable. And so I think its decision to lend was also likely to be reasonable.

my final decision

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 November 2019.

Andy Burlinson
ombudsman