

complaint

Mrs T complains that Provident Personal Credit Limited ("Provident") loaned to her irresponsibly.

background

In 2011 Mrs T took out three loans with Provident.

She now says that it shouldn't have loaned to her as the repayments were unaffordable. She also says that she suffers from ill-health and impaired judgement.

Provident didn't agree that the loans were unaffordable. It said that the information Mrs T had provided showed that she was self-employed with a regular income. As her credit file and repayment history from previous loans showed nothing to indicate she had affordability problems, it felt that its lending was responsible.

It did, however, accept that Mrs T now had problems repaying the loans, together with health difficulties. It agreed to put matters on hold for six months, and to review the position again after that time.

Mrs T didn't think this was enough, and complained to our service.

Our adjudicator looked at the case and found that Provident hadn't loaned irresponsibly in respect of loan number one, but that for loans two and three it had.

He recommended that Provident discuss and agree an affordable repayment plan with Mrs T for loan one, but that the balances of loans two and three should be written-off.

Provident didn't agree, and the complaint was referred 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.

Having done so, I think our adjudicator's recommendations as to how Provident should resolve this complaint are fair and correct.

I accept that loan one was correctly assessed as affordable by Provident, given the checks it did at the time. However, by the time Mrs T applied for the second and third loans she was already behind in her repayments on the first loan. I think this is something that Provident would, and should, have been aware of.

In addition, given the nature of how Provident loans to customers, and the personal relationships it has the opportunity to build with its customers, I don't think it's unreasonable to expect it to have noticed that Mrs T's circumstances had changed and she wasn't coping financially anymore.

I think our adjudicator's suggestion that Provident discuss with Mrs T how she might repay loan one is practical and sensible.

In respect of loans two and three, I don't agree that they were affordable at the time they were taken out, and it doesn't look like there are good prospects of repayment. In light of this I agree that the most practical and fair solution is for Provident to write the remaining balances of these off.

I don't think that Provident should refund Mrs T with any of the loan repayments she's already made. She's had the benefit of the money, and accepts that she needs to repay it insofar as she's able.

For these reasons I also don't think that any additional compensation is warranted.

my final decision

My final decision is that I now require Provident Personal Credit Limited to:-

- Agree a repayment plan with Mrs T on the June 2011 loan;
- Write-off the remaining balances of the July and October 2011 loans.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 30 July 2015.

Ashley L B More
ombudsman