

complaint

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

background

Greenwood provides home credit. Between October 2007 and January 2014 Miss S had 25 loans from them. The largest single loan was for £1,000, but most were for less than that. On three occasions multiple loans were taken out on the same day:-

- 16 September 2012 there were two loans totalling £1,150;
- 21 October 2013 there were three loans totalling £1,000; and
- 24 January 2014 there were five loans totalling £2,400.

Miss S says Greenwood didn't do enough checks to make sure she could afford to repay these loans. She says she had a poor credit history and was borrowing from other lenders to meet her obligations. Greenwood didn't uphold her complaint. They said their checks were adequate and until the last loan, when she made only two repayments before telling them she was struggling, she'd largely repaid her loans on time and sometimes early. Miss S complained to our service.

The adjudicator upheld her complaint in part. He felt that the checks were adequate for the first 19 loans, but after that Greenwood should have carried out more detailed checks. If they'd done so he thought it was likely that they would have seen she was in financial difficulties, and they wouldn't have given her any more credit. He asked them to refund interest and charges on loans 20 to 25, pay appropriate interest on that amount, and to remove adverse information relating to those loans from her credit file.

Both parties disagreed. Miss S was happy to get a refund but didn't think it covered enough of the loans. Greenwood said they had carried out appropriate checks on all loans. 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.

Lenders should satisfy themselves that a borrower can afford to pay back a loan before agreeing to lend. They need to make proportionate checks, but there's no set list of checks they have to carry out. Having a poor credit history doesn't mean you should automatically be refused credit. It's a matter for lenders to assess the risks of giving a loan.

For loans 1 to 19, the amounts of the loans and the repayment periods meant what Miss S had to pay back each week was relatively low. This remained the case even when the loan amounts began to increase. Based on the information they had, I don't think it was unreasonable for Greenwood to decide that the loans 1 to 19 were affordable for Miss S.

In January 2014, Miss S took out loans 20 to 25 on the same day. The total amount she borrowed was £2,400 and this was the largest amount she'd borrowed in a single day by

some margin. I think this should have caused Greenwood to look into things in a little more detail. If they'd done so I'm satisfied that they wouldn't - or at the very least shouldn't - have agreed to give Miss S those loans. 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 trading as Greenwoodspersonalcredit.Com to:

- refund interest and charges for loans 20 to 25, all granted on 24 January 2014; 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 20 to 25 from Miss S's credit file.

If Provident Personal Credit Limited trading as Greenwoodspersonalcredit.Com considers that they are required by HM Revenue & Customs to withhold income tax from that interest, they should tell Miss S how much they've 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