complaint

Ms C, represented by a claims management company (CMC), complains that Provident Personal Credit Limited lent to her irresponsibly.

background

Ms C took out seven loans with Provident between March 2013 and September 2015. The CMC has raised a number of concerns about the loans. It says that:

- there are discrepancies on one loan agreement in regard to the dates on which Ms C has signed;
- the loans provided to Ms C were over a longer period of time than necessary meaning she paid more interest;
- Provident did not ask for any proof of Ms C's outgoings; and
- Ms C used each new loan to repay a previous loan and she missed lots of payments.

The CMC says that Ms C's only income was benefits and that she rolled over the loans on several occasions resulting in higher weekly payments. It says that Provident should have realised that Ms C had become dependent on high interest borrowing and that she had become trapped in a cycle of debt.

Provident says that Ms C's first three loans were issued by a company which is no longer operational and for which it has assumed the responsibility of the accounts. The other four loans it issued. It says that information was gathered on Ms C's income and expenses and that Ms C signed to say the information provided was correct. It says that the information provided suggested the loans were affordable.

Provident says that Ms C was making payments on her loans. However she fell behind with payments on her final loan which she explained was due to issues with her benefits. Provident says it did not provide any further credit to Ms C after this.

Our adjudicator did not uphold this complaint. She said that based on the information gathered by Provident Ms C had sufficient disposable income to make her repayments. She said that further information had not been provided by Ms C to show that the loans were unaffordable.

Ms C did not accept our adjudicator's view. The CMC said that with these loans borrowers were often given limited time to read the documents. It said that borrowers were encouraged to renew loans for higher weekly payments and that this is what led to Ms C becoming dependent and trapped into the cycle of high interest debt. It said that Provident should have carried out further checks to ensure the information on the application forms was correct.

my findings

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

Ms C took out seven loans over two and a half years. Before agreeing to lend to Ms C, Provident had to make sure that she could afford to repay each loan. Affordability checks should be proportionate. What is proportionate depends on things like - but is not limited to - the size of the loan, the repayments, what Provident knew about Ms C, and what she told it about her circumstances.

The first loan was for £100 and Ms C was required to make 14 weekly payments of £10. Before providing this, checks were carried out on Ms C's income and expenses. She recorded a weekly income of £220 and weekly outgoings of £100. This gave her a weekly disposable income of £100. I find it reasonable in this case that this information was relied on and based on this I find it reasonable that the loan was considered affordable.

Ms C continued to borrow with a second loan taken out in November 2013 and then three loans in 2014 and two in 2015. Before the loans were provided her income and outgoings were recorded. Having looked through this information and considered Ms C's recorded disposable income, I find that this suggests the loans were affordable. Ms C's minimum disposable weekly income was £89 which was sufficient to cover her repayments.

Before the final loan was provided, Provident used its lending application to gather further information about Ms C's income and expenditure. Again Ms C's disposable income was sufficient to cover the repayments.

Provident has also provided information it gained through its credit searches. I have looked through this and I do not find anything that meant the loans should not have been provided.

Based on the information from Provident I do not find anything to suggest the loans were not affordable when provided. Ms C says that she was trapped in a cycle of debt and I can see that she took out a number of loans. However, without further evidence I cannot say that the loans she was provided with were not affordable.

Based on what I have seen I cannot safely conclude that the loans were unaffordable and so I do not uphold this complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 16 November 2017.

Jane Archer
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