

complaint

Miss E complains that Provident Personal Credit Limited (“Provident”) has lent irresponsibly to her.

background

Miss E took out several loans with Provident between 2009 and 2015 for sums between £100 and £500. This complaint refers to loans taken out between 2012 and 2015 as it’s been agreed by all parties that earlier loans are time barred and can’t be considered by this service.

Miss E says that Provident shouldn’t have lent to her as it was clear she couldn’t afford the repayments. She also says that Provident should not have insisted she rolled the balances of previous loans into the new loans as she says this increased the interest she had to pay.

Provident said it had assessed her income and expenditure before each loan was approved but there were no signs that the loans were unaffordable.

But Miss E disagreed. She referred her complaint to this service and our adjudicator took a look. But when he reviewed the information collected by Provident for each of the eight loans, he agreed that they had made appropriate checks. He considered what Miss E said about them insisting that any unpaid debt was refinanced under any new loan agreement but he didn’t think Provident had done anything wrong when doing this. He explained that how Provident handled the loan arrangements was for them to decide but he could review whether they had lent responsibly. And he said that having done so, he was happy that they had acted correctly.

But Miss E was not happy with the adjudicator’s view and she therefore asked for a final decision by an ombudsman.

my findings

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

I know it will disappoint Miss E but I agree with the adjudicator’s view and for similar reasons. Please let me explain why.

what a lender must do before it lends money

When lending money, a lender like Provident is required to ensure its customer can repay the borrowing in a sustainable manner without it adversely impacting on their financial situation. A lender should obtain sufficient information to make an informed decision about the lending. Exactly what a lender should consider is for each lender to decide and the guidance and rules list a number of things each lender may wish to consider. Any checks should be proportionate, based on the size of the borrowing. Bearing this in mind if I thought Provident hadn’t done appropriate checks I’d then look to see what it would’ve found out if it had done them. And if this showed Miss E couldn’t afford the lending I’d say it was fair and reasonable that they do something to put this right.

the checks it did went far enough

Provident tells us before it agreed to lend to Miss E it did checks. It tells us it looked at Miss E's loan repayment performance and the information she had provided on income and expenditure.

I think these checks were appropriate. I say this because the sums being advanced and the repayments were relatively modest. The loans were for £300 to £500 and repayments were generally about £10 per week but no more than £16.

I note that the adjudicator has considered whether Provident should have made more detailed enquiries for loans from June 2014 onwards as he identified that lending was increasing.

He considered that whilst Provident hadn't performed credit checks on some of these loans or asked for bank statements, if it had done it would have found information to suggest that, after expenditure, Miss E had sufficient available income to make the loans affordable. I've reviewed the information the adjudicator relied upon and I agree with his opinion. I also note that for the last two loans, Provident used their new lending app to assess Miss E's credit worthiness and that, in addition to previous checks, this also considered up to date credit information.

So for these reasons I think that Provident carried out appropriate checks before lending to Miss E and the lending was therefore responsible. I don't think it's fair to say they should have done more in the circumstances.

it was reasonable to roll the balance of the previous loans into a new agreement

Miss E says that provident were wrong to insist that previous loans were paid off, or the balance of these loans was refinanced. But here I also agree with the adjudicator.

It was for Provident to decide how it would structure any loans and Miss E didn't have to accept their proposals or their interest rates. She could have looked for an equivalent loan elsewhere. So I'm not persuaded that Provident did anything wrong here either.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 26 October 2018.

Phil McMahon
ombudsman