

## **complaint**

Mr W complains that Provident Personal Credit Limited lent to him without carrying out proper checks.

## **background**

Mr W borrowed 27 door step loans from Provident between May 2009 and April 2014.

In March 2016 he complained to Provident that the loans were unaffordable and it hadn't carried out proper checks. Provident said it hadn't done anything wrong when lending to Mr W.

Provident didn't think our time limit rules allowed us to look at the loans it granted before June 2010.

Our adjudicator felt that Provident should have completed further checks in November 2010 when it granted Mr W four loans on the same day, which was four times the value of his assessed borrowing. She asked Provident to refund Mr W all interest and charges from 15 November 2010, with interest and asked it to amend his credit file.

Provident didn't agree, so the complaint has been passed to me for review.

## **my findings**

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

### *jurisdiction*

Provident has let us know that it doesn't think our rules allow us to consider the three loans it granted to Mr W before June 2010. Our rules state that complaints can be raised no more than six years after an event or, if later no more than three years after the complainant ought to have been reasonably aware of the cause to complain.

More than six years have passed since Provident granted the first three loans and I think that Mr W should have been aware more than three years ago that he couldn't afford the loans. So I think Provident is correct that we can't consider whether the loans granted before June 2010 were affordable, but I can take these loans into consideration when looking at Mr W's borrowing history.

### *Provident's lending*

Mr W took his first loan for £300 with Provident in May 2009. Before he repaid his first loan he borrowed £500 in September 2009. He took the third loan for £700 before repaying the second loan and in June 2010 he borrowed £1000 before settling the third loan. In November 2010 he took four loans on the same day, totalling £1400 whilst the previous loan was outstanding. Mr W continued with this pattern of taking new loans before repaying the previous loan and on several occasions he took more than one loan on the same day, totalling between £800 and £1100.

Provident says it completed sufficient checks and relied on the information provided by Mr W about his income and outgoings. It says that the information he provided indicates that he could afford to make the weekly repayments.

I can see that Provident asked Mr W for brief details of his income and expenditure, but it didn't get a detailed breakdown and I haven't seen any checks to verify Mr W's financial situation.

I agree with the adjudicator that it would've been reasonable for Provident to have asked more questions before granting the four loans amounting to £1400 on the same day in November 2010. I say this because by this point Mr W had been borrowing increasing amounts from Provident and the loans had all overlapped. This should've alerted Provident that Mr W might be taking new loans to repay the previous one and that he may have financial difficulties.

In addition when Mr W applied for the four loans in November 2010, this was over four times the amount his original loan, but I can't see that Provident did any additional checks in proportion to this much larger loan. I think that if it had done more checks at this point it would've realised that Mr W was meeting his repayments by borrowing from Provident and payday lenders and I don't think it would have agreed to continue to lend to him.

As I don't think that it was responsible for Provident to lend to Mr W from 15 November 2010. I think it should refund all charges and interests paid on the loans since this date, with interest and should remove these loans from his credit file.

### **my final decision**

To resolve the complaint Provident Personal Credit Limited should;

- refund Mr W all interest and charges paid on all loans granted from 15 November 2010; and pay 8% simple interest from each payment date until the date of settlement.
- remove any information recorded on Mr W's credit file about the loans granted from 15 November 2010.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 December 2016.

Karen Dennis-Barry  
**ombudsman**