

## **complaint**

Mr D complains that Provident Personal Credit Limited's agent fraudulently increased his loan amount and did not record all the payments he made. He complains that he was not provided with the loan book and so has no confirmation of the amount he owes.

## **background**

Mr D was visited by a Provident agent in August 2014 to discuss a loan. He says he was told he could have a loan of £400 but would first have to pay off the outstanding balance on his previous loan. He says that the agent told him she had made a mistake on the form and would need to complete a new one and asked Mr D to sign a blank form which she said she would complete later.

The next day Mr D says the agent delivered the £240 which was the amount left after repaying his previous loan.

Mr D says that the agent kept his loan book despite him asking for it on a number of occasions.

In October 2014, Mr D received a letter saying his account was in arrears and he owed more than £900. He says at this time he had not missed a payment and was on occasions paying more than he needed to. He contacted Provident and was told his loan was for £500 and that a further £200 loan had been agreed.

Mr D says that his case was investigated and he was told that he should have received some money back for repaying the first loan early and that he should have received confirmation letters for the loans. Mr D says he did not receive these letters.

Mr D was then contacted by Provident and told that the agent had admitted to changing the £400 loan to a £500 loan and creating the £200 loan. He says he was told that the loan book could not be retrieved as the agent no longer had it. He says he was told that the issue had been resolved and that his account would be put back to how it should be.

Because Mr D had no confirmation about the correction he contacted Provident a few weeks later and was told his loan account was still showing an amount of £500.

Mr D says that this issue has damaged his credit file and caused him trouble and upset.

Provident says that following an internal investigation it accepted that Mr D took out a loan for £400 in August 2014. It says that the loan payment book remains in the customer's possession and it does not have this. It has provided a copy of the payments it has received and says that Mr D should send evidence of any payments he says he made but are not recorded.

Provident accepted that there was a delay in updating Mr D's credit file to show the loan amount as £400; providing him the rebate following his early settlement; and adjusting his account to reflect the £400 loan rather than £500 loan. However it says that it has now made the adjustments and put Mr D back in the position he should have been in.

Provident has also reduced Mr D's loan by £100 to compensate him for the issues he has experienced and apologised for the issues he has faced. In its letter dated March 2015 it

said that once Mr D has paid his account he should let Provident know and his credit file would be amended.

In regard to the account being in arrears, Provident says that Mr D has not made a payment since November 2014. It says it has sent Mr D letters about his arrears and made it clear that he could continue to make repayments of £17.50. It says that because Mr D did not make any further repayments his account was sold to another company in October 2015 at which time the outstanding balance was £349.24.

Provident accepted that mistakes had been made but said that it had resolved these and compensated Mr D. It says that the amount outstanding remains repayable as Mr D has had the benefit of the loan.

The adjudicator said that it was accepted that the agent did not act properly when she set up his £400 loan. She said that there was no evidence of any request relating to the £200 loan Mr D also said was set up and so this did not need to be considered further.

She said that the issue with the loan was noticed by Mr D around the time that the business says he stopped making payments. She said that Mr D should not suffer any detrimental treatment because he questioned the loan and then did not make payments while there was an ongoing query. She said that the loan book had not been provided and so there was no evidence beyond Provident's statement regarding the amount of payments made and that she could not safely conclude that the outstanding balance sold on to another company was correct.

Overall she did not find that Provident had done enough to resolve the complaint and that the issues Mr D had experienced had caused him moderate to significant stress over an extended period. Because of this she recommended that Mr D's loan should be recalled and written off and any arrears and/or default information regarding this loan should be removed from his credit file. She also said that Provident should consider sending an apology letter to Mr D in acknowledgment of the time it had taken to resolve this complaint.

Provident did not accept the recommendation. It said that Mr D had the benefit of the loan and should be required to repay it. It said that he had not made his repayments and so his account went into arrears and was, after around a year, sold to another company.

### **my findings**

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

There are a number of issues raised in this complaint. The first relates to the actions of the Provident agent. Mr D agreed to a £400 loan and accepted he needed to repay the previous loan. However, the agent recorded the loan amount as £500 and charges were added accordingly giving Mr D a much higher debt than he had agreed to.

Following its investigation, Provident accepted that Mr D's loan was set up for the incorrect amount and said this would be amended. It also noted that an adjustment should have been applied to his account following the early settlement of his previous loan and this was applied in December 2014.

However, while Mr D was told that his account would be put right and his credit file updated this did not happen. Mr D had to contact Provident again and it was not until March 2015 that his credit file was amended to show the correct loan amount of £400. It was not until October 2015 that Mr D's account was adjusted to reflect the £400 loan amount and associated interest and charges. I appreciate that Provident did pay Mr D £100 compensation through this process. However given the time it took for the account to be corrected and the mistakes that were made, I do not find that this is sufficient.

Mr D has challenged the outstanding balance on his account. He says he has made payments that have not been recorded. I have looked at the account statement provided by Provident and can see that Mr D's repayments were made regularly until October 2014 when the issue with his loan was identified. The loan account book is not available and while I appreciate Provident's comment that this remains with the customer, given the issue with the agent dealing with Mr D and Mr D's comments about the agent holding on to the loan book, I find it reasonable to accept that Mr D was not given this.

Mr D has not provided any further evidence of payments that he made that have not been recorded.

I accept that Mr D had the benefit of the loan and that he was sent arrears notices. However I also note that given his account was not correctly updated until October 2015, when balance amounts were provided prior to this date they related to the non-updated account.

In its letter dated March 2015 Provident said that Mr D should let it know when he had paid his outstanding account and that it would then complete an amendment to show that his loan was paid up on time and remove any negative data from his credit file. I accept that as the account was not paid up this did not happen.

Overall, Mr D has not been provided the service he should have. His account has been reduced by £100 to reflect this but I do not find this is sufficient to compensate him for the issues that occurred and the time it took to resolve these. This issue has had a negative impact on Mr D and I find that additional compensation is required.

Mr D has had a bad experience with Provident and I can see why he would have lost faith in it. The amount outstanding on his loan is £349.24 although there is still an issue regarding whether there are any missing payments. This amount is around the amount of additional compensation I would require to be paid to Mr D. Therefore, in order to resolve this case in a way that reflects the upset caused to Mr D and the loss of faith, I find it reasonable that instead of paying Mr D this amount as additional compensation, Provident instead recall his loan and write it off.

In regard to Mr D's credit file, I appreciate Provident's comments about the need for Mr D to maintain his payments. However, considering the specific issues in this case and Mr D's concerns about whether all his payments were credited to the account, I can see why he did not make payments while his dispute was outstanding.

Had Mr D's loan been set up for the correct amount then I have no reason, based on his payment history, to believe he would not have maintained his payments.

Because of this I find it reasonable in this case that any adverse information is removed from Mr D's credit file.

**my final decision**

My final decision is that Provident Personal Credit Limited should:

- offset the additional compensation against his outstanding debt by recalling the debt and cancelling the remaining balance (which it currently lists as £349.24); and
- remove any adverse information from Mr D's credit file regarding this loan.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 August 2016.

Jane Archer  
**ombudsman**