

## **complaint**

Mr G brings this complaint on behalf of his sister – Ms G. He says Provident Personal Credit Limited should not have lent to his sister as she could not afford the loan. He also complains that it did not consider her vulnerabilities before lending to her.

## **background**

In September 2015, Ms G took out a loan with Provident for £500. She was to repay at the rate of £32.50 per week – over a 23 week period. The total amount to be repaid was to be £747.50.

But only £107.50 was repaid before the account fell into arrears and having been unsuccessful in recovering the debt, Provident sold Ms G's account to a debt recovery company in July 2016.

When Mr G brought the complaint to this service, he said Provident had not carried out sufficient affordability checks and it had paid no attention to Ms G's vulnerabilities. He wanted the debt to be written off, £5000 compensation and for any markers to be removed from Ms G's credit file.

Our adjudicator told Mr G that Provident had agreed to close the account – despite the £640 outstanding - and not to pursue Ms G any longer. She (our adjudicator) also explained that unless Provident had been made aware of Ms G's difficulties, she couldn't fairly say that it had acted unreasonably or unfairly.

But Mr G was not happy. He said Provident should have asked outright whether Ms G had any conditions it needed to be aware of and that a failure to do so amounted to negligence. He asked for an ombudsman's decision.

## **my findings**

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

### *affordability*

Before making lending decisions, regulations say that a lender needs to ensure that the loan is affordable and can be repaid without any difficulty. The checks which a lender carries out ought to be proportionate, for example, to the size of the loan and the repayment period.

In Ms G's case, Provident asked for an income and expenditure form to be completed which showed Ms G had surplus income available. It wasn't obliged to check bank statements to confirm because as I have said, the checks just need to be proportionate. I therefore think Provident was entitled to rely on what Ms G told it about her income.

That said, had it checked her bank statements, would the position have been any different? And the answer is no – because the calculations still show a sufficient surplus to cover the repayments of the loan.

So, based on what I have seen, I cannot say Provident has done anything wrong in agreeing to lend to Ms G.

*vulnerable consumers*

I think it is agreed by both parties here that Provident was not on notice of Ms G's vulnerability. What Mr G says is that even if Ms G did not present as a vulnerable consumer, she should have been asked the question outright.

I cannot see that this is a standard question which Provident asks of its customers – and it is not for me to comment on whether this is negligent on its part. That is a matter for another jurisdiction.

What I can say is that I do not think it was unfair or unreasonable for Provident not to have asked the question.

However, once the issue of vulnerability was raised, I am pleased to see that Provident has agreed to close Ms G's account without seeking to recover the outstanding debt.

With regards to any marker on Ms G's credit file, I can see from the file which has been sent to us that Provident are not recording anything in relation to this debt.

**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 Mr G to accept or reject my decision before 23 June 2017.

Shazia Ahmed  
**ombudsman**