

complaint

Mrs W complains that changes Provident Personal Credit Limited (“Provident”) made to the way it conducted its business resulted in arrears accruing on her loan accounts with Provident.

background

Mrs W took out two loans with Provident, the first in September 2016 and the second in May 2017. Initially Provident’s business system provided for Mrs W to make regular payments to self-employed agents of Provident, who would visit her at home. Mrs W made payments, and kept her accounts up to date, until the end of June 2017.

At this time Provident altered its business system. It dispensed with its self-employed agents and instead arranged for payments to be made through an employed “customer experience manager”. Mrs W says following this change, she had no contact with any of Provident’s representatives, and when she tried to contact Provident by phone no one answered.

The result was that she stopped making repayments on her loan accounts. In August 2017 she complained about the situation to Provident. She was concerned that arrears were accumulating, and this would affect her credit file.

In November 2017, Provident wrote to Mrs W accepting her complaint. It acknowledged that the changes it had made to its business system had caused a disruption in its service, and that it would be unfair for this to affect Mrs W’s future creditworthiness. It said:

- it had taken steps to ensure any missed payments caused by this disruption weren’t reflected on her credit file; and
- it would make allowances for the acknowledged disruption in service to make sure she wasn’t penalised in considering her for future loans.

Provident said it would arrange for Mrs W to be visited by her customer experience manager, and gave her the manager’s direct telephone number. By way of further apology it paid her compensation of £30.

Mrs W didn’t accept that this resolved her complaint and complained to us. She was worried that her accounts still showed the missed payments as arrears. She wanted her accounts to be adjusted so that she wasn’t in arrears, as had been the case before Provident altered its business system.

Our adjudicator didn’t recommend that this complaint should be upheld. He said Provident had acknowledged that the changes it made had impacted on Mrs W’s repayments, and had taken steps to rectify this. It had confirmed that the missed payments wouldn’t affect her credit file and had paid her compensation of £30, which the adjudicator thought was fair.

Mrs W said she had tried unsuccessfully to contact Provident to make payments, but was unable to get through. However customers had a responsibility to make agreed payments. So he thought it would have been reasonable for Mrs W to contact Provident to make payment over the phone, or to set up a different payment method.

As Mrs W was aware that payments were due, the adjudicator couldn’t recommend that the account be treated as not in arrear. He said Mrs W should contact Provident to agree the repayment of the arrears by an affordable repayment plan.

Mrs W responded to say, in summary, that:

- Provident's changes to its business system, by no longer collecting payments from customers at home, was a failure of its basic responsibilities;
- some of its representatives who did call didn't have Provident identification, so she wasn't willing to hand over cash to them;
- it was simplistic to say that she should have made more effort to make her payments. This ignored the turmoil Provident was in at the time;
- if Provident accepted that it was at fault for the disruption to its service, then why couldn't it confirm her accounts as no longer being in arrears. She was concerned that at some time in the future the arrears might be reported as arrears on her credit file and so affect her credit rating in future.

Mrs W wanted confirmation that her present arrears wouldn't be shown as such on her credit file at any time while her agreements continued. She asked what recourse she would have if Provident later did show the arrears on her credit file.

The adjudicator still thought the steps Provident had taken were reasonable. Mrs W had tried to contact Provident without success. But she knew the payments were due. The adjudicator thought it would have made sense, as Mrs W knew she would be going into arrears, for her to keep hold of the expected repayments so that she could make a bulk repayment when she was able to speak to Provident, or a representative could come and collect a payment from her house.

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 can understand that given Provident's original business system, the changes it made were disrupting to Mrs W's repayments. She found it worrying that she couldn't make payments on time and arrears were mounting up.

Until the end of June 2017 Mrs W seems to have made her payments regularly. Usually these were paid weekly, but sometimes she paid up to four weeks in advance. However payments stopped completely at the beginning of July 2017.

Mrs W clearly knew that arrears were mounting up. Like the adjudicator, I think she could have done more to find an alternative way of paying, or could have kept money on one side until she could make a bulk payment. So I don't think it would be reasonable for me to say that the payments she didn't make shouldn't be treated as arrears.

I think what Provident offered in response to Mrs W's complaint was reasonable at the time in November 2017. Since then I understand Mrs W still hasn't resumed payments, and hasn't made any arrangement with Provident to start paying off her arrears. Provident says that while information is included at present on Mrs W's credit file showing her non payment, this would be removed once her accounts have been brought up to date.

In the circumstances, I can't reasonably direct Provident not to treat the payments Mrs W has missed as arrears. I would simply urge Mrs W now to make contact with Provident, and to come to an affordable arrangement in respect of resuming payments and paying off her arrears.

my final decision

My decision is that I don't uphold this complaint, and make no order against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 23 February 2019.

Lennox Towers
ombudsman