

## **complaint**

Mrs B says Provident Personal Credit Limited lent to her irresponsibly. She says she took a large number of loans from Provident but she couldn't afford to make the repayments. She says she was unemployed and on benefits when she took the loans and so Provident shouldn't have lent to her.

## **background**

This complaint is about two home credit loans Provident provided to Mrs B.

Loan 1 was started on 6 October 2001. Mrs B borrowed £700. She was due to repay £21 a week for 54 weeks.

Mrs B couldn't repay this lending and Provident agreed to freeze the interest. And it also agreed to lower the repayments by lengthening the term. And this formed the basis of loan 2.

Loan 2 was started on 17 November 2010. Mrs B borrowed £559. Mrs B was due to repay £4.99 a week for 112 weeks.

I understand Mrs B also had problems making these repayments and loan 2 was sold to a third party.

Mrs B made her complaint to Provident and it didn't initially uphold it. But after the complaint was referred to this Service it decided to pay compensation to Mrs B. It agreed to refund the interest she repaid on these two loans, plus interest at 8% simple (and buy loan 2 back from the third party). It would also remove any adverse information from her credit report about this lending.

Our adjudicator thought that this was a reasonable way to resolve the complaint. Mrs B didn't agree with the complaint outcome. She said that she had taken more than 20 loans with Provident and these should be included in the compensation

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Provident has already agreed to refund the interest and charges Mrs B paid on the two loans I've outlined above. I think this is a reasonable way to resolve Mrs B's complaint about these loans. And whilst this complaint is not resolved, Mrs B hasn't disagreed with this compensation for loans 1 and 2. So I won't comment further on the compensation offered about these two loans. I have included it in my putting things right section below.

Mrs B doesn't agree this is a reasonable way to resolve her complaint as she says she has taken a significant number of other loans from Provident. But Provident doesn't have any information about any other loans. And Mrs B has provided some photographs from a paying in book but these don't show enough detail to say she had other loans. And she says she doesn't have any further information. So without anything else to show that these loans existed I'm unable to make a decision about any other lending than the loans above.

### **putting things right – what Provident needs to do**

- refund all interest and charges Mrs B paid on loans 1 and 2;
- pay interest of 8% simple a year on any refunded interest and charges from the date they were paid (if they were) to the date of settlement\*;
- remove any negative information about loans 1 and 2 from Mrs B's credit file;

If Mrs B still owes Provident any of the principal balance she borrowed, instead of the above compensation, Provident should remove all the interest and charges applied to the outstanding balance. Provident should then re-work the account as if all payments made by Mrs B went to towards the principal. But importantly, Provident needs to make sure that Mrs B doesn't repay more than the principal amount borrowed.

If after doing this Mrs B hasn't repaid the principal she borrowed Provident can deduct this from the remainder of the compensation. If, Mrs B has already paid enough to repay the principal then any overpayment should be refunded to her with 8% simple\* interest from the date of payment to the date of settlement

And if Provident no longer owns this debt, and it wants to make a deduction due to the amount owed, then it should buy it back. If it doesn't then it isn't entitled to make any deductions for it from the amount it needs to pay Mrs B.

\*HM Revenue & Customs requires Provident to take off tax from this interest. Provident must give Mrs B a certificate showing how much tax it's taken off if she asks for one.

### **my final decision**

For the reasons I've explained, I partly uphold Mrs B's complaint.

Provident Personal Credit Limited should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs B to accept or reject my decision before 15 July 2020.

Andy Burlinson  
**ombudsman**