

complaint

Miss H complains that Provident Personal Credit Limited did not refund her the interest on her loan for the period when she was in a debt management plan (DMP). She also complains that it did not carry out sufficient affordability checks.

background

Miss H says she had been a Provident customer for many years but then her employment circumstances changed. In August 2013 she entered into a DMP and says that other creditors froze the interest on her accounts but as Provident added interest at the start of the loan it was included in her total borrowing. She says she should be refunded the interest that relates to the period when she was in her DMP. Miss H also raised concerns about Provident's affordability checks.

Miss H says that although she raised her complaint with Provident it did not respond in a timely manner.

Provident says that the correct affordability checks were carried out before loans were provided to Miss H. It says that Miss H was made aware that the interest was charged upfront and it did not agree that a refund should have been made when Miss H's DMP provider contacted it.

Our adjudicator said that she had considered the loan provided in October 2011 and noted that the other loans were provided more than six years before Miss H brought her complaint to this service. She thought that Provident carried out sufficient checks before providing the loan and that based on the information Miss H provided about her disposable income it was reasonable that Provident thought the loan was affordable.

In regard to Miss H's request that interest be refunded for the period she was in a DMP, our adjudicator said that this wasn't required. She said that the interest was applied upfront and that Miss H agreed to the loan terms when she entered into it. Our adjudicator also noted that Provident sold the debt in August 2014.

There was a delay in Miss H receiving a final response from Provident and our adjudicator thought that in this case compensation of £100 was reasonable. She said that Provident had agreed and put this offer to Miss H.

Miss H did not accept our adjudicator's view. She did not accept Provident's offer of £100 compensation saying was unacceptable given the time she had to wait for a response. Miss H reiterated that when she entered into her DMP other creditors froze the interest on her accounts. She also said that while Provident no longer managed her debt that did not mean that an interest adjustment could not take place.

my findings

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

Miss H took out a number of loans with Provident with her final loan being taken out in October 2011. It is this final loan that this decision relates to.

Miss H says that Provident did not carry out sufficient affordability checks. I have looked at the information Provident gathered before providing the loan to Miss H. I can see that it asked about her income and expenditure and that the information she provided gave a disposable income of £357 per week. The loan repayments on this loan were £42 per week which when combined with her other loan repayments meant she was paying a total of £76 per week. This was an increase of £3 per week compared to her previous situation before this loan was taken out.

I have considered the information available to Provident at the time of this loan and note that Miss H had taken out previous loans so it had a repayment history which could be considered. Based on the information I have seen I think the checks carried out were sufficient and I do not find it unreasonable that Provident considered the loan would be affordable.

Miss H's circumstances changed and she entered into financial difficulties. Miss H entered into a DMP in August 2013. When a customer is in financial difficulties we would expect Provident to treat her positively and sympathetically. This does not necessarily mean that interest has to be frozen or refunded. In this case the loan Miss H took out had interest applied at the outset. Miss H was aware of this and agreed to the terms of the loan. Therefore when Miss H entered into the DMP the loan amount included the interest charged.

Having looked at the loan Miss H took out and the information that was provided, I do not find that Provident did anything wrong by providing the loan or by adding the interest upfront. Because of this I do not require it to refund the interest that was charged.

I understand that Provident is no longer the owner of the debt. Therefore if Miss H has any issues regarding the debt for the period after it was transferred these should be taken up with the new debt owner.

Miss H also complained about the service she received when she raised her complaint with Provident. She says she had to wait a number of months before a response was given. I have looked at the timeline of Miss H's complaint and can see that she raised her complaint in August but did not receive a final response until 1 December. I appreciate that Miss H was sent holding letters but I don't think that Miss H was provided with the service she should have been. Because there was such a long delay in providing Miss H with a response, I find it reasonable that she is provided some compensation. Provident has offered to pay Miss H £100 as a gesture of goodwill. Miss H hasn't accepted this. However I find that this offer is fair given the delay in responding to her complaint.

Overall, I do not uphold this complaint in regard to the provision of the loan or the refund of interest. However I do find that Miss H should be paid compensation for the delay in Provident responding to her complaint and I find the goodwill offer of £100 reasonable.

my final decision

My final decision is that I do not require Provident Personal Credit Limited to refund Miss H any interest relating to her loan. However I do find that Provident should pay Miss H £100 compensation, as it has offered, for the delays in dealing with her complaint and the inconvenience and upset this caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 8 March 2018.

Jane Archer
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