

complaint

Mrs C and her representative complain that Provident Personal Credit Limited didn't carry out proper affordability checks and irresponsibly granted her loans. They say she was experiencing financial difficulties and was heavily reliant on short term credit. If it'd checked her credit file it would've seen the loans weren't affordable. It should've also taken account of loans being given to her partner. They want the interest refunded and her credit file amended.

background

Provident said in its final response that Mrs C had ten loans between 2008 and 2011. Mrs C confirmed in the applications for the first eight loans that she could afford the repayments. It carried out affordability assessments on the other two loans and she'd enough disposable income to repay them. In this period Mrs C made 139 payments on time. She missed 24 and 30 were partial payments. Many missed payments were for the final loan and she engaged a debt charity at that time. It wasn't obliged to carry out a credit check during this period. There's nothing to suggest its lending was irresponsible.

Our adjudicator felt this complaint shouldn't be upheld. He said:

- Provident relied on the information Mrs C gave it and she'd confirmed she could afford the weekly payments. Mrs C repaid her first seven loans on time. Provident took this into account when lending again. Mrs C says she didn't consider the loans up until 2010 as being unaffordable.
- For the loans in 2011 Provident also asked for income and expenditure information on each application. The disposable income on each application showed she was able to meet the weekly repayments. At the time these loans were made Provident wasn't required to check Mrs C's credit file.
- At the time each loan was given she'd either repaid or was within the agreed timeframe of paying back previous loans. Based on the checks Provident carried out they appeared affordable and its lending wasn't irresponsible.

Mrs C and her representative don't agree and have asked for an ombudsman review. In summary they say Provident should've carried out more robust checks given her borrowing history. At very least the last loans weren't affordable. They were paid off over around 3 years not the normal 55 weeks. This complaint should be partly upheld.

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 agree with the adjudicator's conclusions for the same reasons.

Taking everything into account I think Provident carried out proportionate and appropriate checks before granting the loans in 2010 and 2011. By then Mrs C had a history of repaying previous loans on time. And at the relevant times it wasn't required to carry out a credit search. It'd also considered her income, expenditure and disposable income and she'd said the loans repayments were affordable.

I also think it was also reasonable for Provident to treat Mrs C's loan applications independently from any made by her partner and to assess them using only the information she gave, her history and checks on her.

It was only after the later loans were granted that it became apparent Mrs C had financial difficulties and couldn't make the agreed repayments. But I don't think this, or that it would eventually take her up to three years to pay them off, would've reasonably been apparent to Provident when it granted these loans.

On balance I think the loans appeared affordable when granted and Provident's lending of them appeared responsible at those times.

Overall, although I recognise Mrs C's frustration, I don't think I can fairly or reasonably require Provident to refund any interest or charges or to amend her credit file as she'd like. And I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 January 2017.

Stephen Cooper
ombudsman