

## **complaint**

Mr S complains that Provident Personal Credit Limited lent him money irresponsibly because it failed to carry out proper affordability checks before his loans were agreed.

## **background**

Mr S entered into 8 loan agreements with Provident between July 2013 and January 2018. Mr S says that at the time he took out the loans he had a number of debts elsewhere. He doesn't feel that Provident carried out sufficient checks to make sure he could afford the loan repayments. Mr S says that if Provident had looked at his credit file it would have been clear that the loans weren't affordable. Mr S wants the interest he's paid on the loans refunded.

In its final response Provident said that at the time when Mr S applied for the loans the information he provided showed that he had sufficient disposable income to make the loan repayments.

Mr S wasn't happy with Provident's response so he complained to this service.

Our investigator considered the case and concluded that before approving Mr S's loans Provident had carried out reasonable and proportionate checks. The investigator didn't uphold the complaint. Mr S didn't agree so I've been asked to make a final 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.

In deciding whether it's appropriate to advance credit lenders must undertake reasonable and proportionate checks to see if lending is affordable. The checks the lender is required to do depend on several factors including the amount of credit, the level of repayments, what the lender knows about the customer and the information the customer has provided.

When Mr S applied for his loans he provided Provident with information about his income and outgoings and signed documents to say that the information provided was a true reflection of his financial circumstances. Provident was entitled to rely on the information provided by Mr S.

Provident has said that it carried out an affordability assessment which included looking at credit bureau data and Mr S's payment history. Based on this, as well as the information provided by Mr S, Provident determined that the loans were affordable.

I've looked at the credit file records which Mr S has provided. These show that Mr S had 3 defaults, one from 2013, one from 2015 and one from 2016. Taking into account the dates when Mr S applied for the loans, I don't think the defaults meant that Provident should not have provided Mr S with the loans. The fact that Mr S had defaulted on 3 accounts, two of which were telecommunications accounts, doesn't necessarily mean that he was likely to default on the Provident loans. The defaults are only one of many factors which Provident will have taken into account in deciding whether to provide the loans.

I appreciate that Mr S has said that there are some credit agreements which appear to be missing from his credit file. He hasn't said when he took them out. Nor has he provided any

information from other credit reference agencies to show that the agreements existed. Even if Mr S held other credit accounts, because these don't appear on his credit file this isn't information which would have been available to Provident at the time when he applied for the loans.

I've also looked at Mr S's payment history and I can see that for most of the time Mr S kept up to date with the repayments on his loans. There were some missed payments but Mr S paid more the following month to bring the account up to date. Overall I'm satisfied that Mr S managed his accounts well and that his repayments were up to date. I think it's more likely than not that the loans were affordable because there's no evidence that Mr S was struggling to repay the loans.

I appreciate that Mr S has said that his father made payments on his behalf for the first few months. Provident has said that it wasn't aware that Mr S's father was making payments on his behalf. And in any event, the affordability checks carried out by Provident showed that Mr S had sufficient disposable income to make the repayments himself.

I understand that Mr S's circumstances have changed and that he's now having difficulty repaying the loan. However, I need to decide whether the loans were affordable at the point when they were taken out, not afterwards. Based on the available information I'm satisfied that the loans were affordable at the point when they were agreed. I'm also satisfied that Provident carried out reasonable and proportionate affordability checks.

For the reasons given I won't be asking Provident to refund the interest which Mr S has paid on his loans.

### **my final decision**

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 February 2019.

Emma Davy  
**ombudsman**