

complaint

Ms W complains that the loans provided to her by Provident Personal Credit Limited (the business) were unaffordable.

background

Ms W took out four loans with the business between March 2013 and July 2014. She says that these loans were unaffordable and that the business kept offering her a new larger loan before she had repaid the previous loan. She says that loans locked her into a spiral of debt which she then had to borrow from a family member to clear.

Ms W says that had the business carried out proper checks it would have realised she could not afford the loans.

The business says that the loan documents were completed correctly and that Ms W's disposable income was sufficient to cover the cost of the loans. It says that before issuing a new loan, its agents have a responsibility to review the repayments made towards any previous loans. It says that reviewing these repayments did not suggest the loans were unaffordable and it had no record of Ms W saying she was in financial difficulties.

The adjudicator did not uphold this complaint. He said that the checks carried out were proportionate to the amount lent. He noted Ms W's disposable income at the time of the loans and said he did not find anything to suggest to the business that the loans were unaffordable. He noted that three of the four loans were repaid early.

Ms W did not accept the adjudicator's view. She said that she repaid the loans early because she was offered larger loans by the business. She said that had proper checks been carried out it would have been clear she had more than four pay day loans to repay. Ms W said that she had to borrow from a family member to repay the final loan.

my provisional conclusions

I issued a provisional decision on this complaint. I concluded in summary:

- Ms W took out four loans with the business between March 2013 and July 2014 and income and expenditure assessments were carried out. Further checks would only be required if the income and expenditure information raised concerns;
- The information provided by Ms W on her applications was consistent and her expenditure figures did not raise any concerns;
- Ms W provided weekly income figures of £250 in the first application increasing to £300 by the fourth application. Based on the information provided about her employment this did not raise concerns;
- Ms W also included 'other income' of £500 in her first three applications and £600 in her fourth application. Without this other income the loans would not have been affordable.
- I found it reasonable that further information should have been requested in regard to the other income. The business did not have further information about this given the time that had passed. Ms W said that she thought it must be her partner's income;

- Ms W's repayment history showed that her third and fourth loans were used to pay off the remaining amounts on her two previous loans and increased her overall debt;
- further checks should have been carried out in regard to the other income figure and, based on Ms W's comment about this income, had this happened the business would have realised the loans were not affordable; and
- Ms W had the benefit of the loans and so it was reasonable that she is not refunded the loan amounts. However I found that the interest and any charges should be refunded.

The business responded to my provisional decision. It reiterated the processes carried out by its agents when loans are applied for. It also said that the agent did not approach Ms W about the new loans but that Ms W contacted it via the internet or third parties and that refinancing loans is common practice.

The business said the agent was no longer working for it but had a long and good service history. It says the information in each loan agreement showed a thorough approach was taken and noted that Ms W was living with her partner not parents. It also said that Ms W signed the documents confirming the information to be correct.

In regard to the 'other income' it said this would have been questioned but given the time that had passed and that the agent no longer worked for it there was no further information available on this. It confirmed that the income of Ms W's partner would not be detailed as the loan was for Ms W.

The business says that Ms W's repayment history did not raise concerns and that Ms W did not contact it to say she was in financial difficulties.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconsistent or contradictory, I have made my decision based on the balance of probabilities - that is what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I note the comments made by the business in response to my provisional decision. I accept that Ms W was required to provide accurate information when she completed her applications and that she signed these confirming the information. I have not raised concerns about the information in regard to the expenditure figures. However I do find that further checks should have been carried out in regard to the 'other income' included.

The business has said that its agent would have questioned this however unfortunately there is no evidence to support this. I appreciate the comments about the amount of time that has passed and that the agent is no longer with the business. However without further information to show what the other income related to and based on Ms W's comments about this income possibly being her partner's I find that this does raise concerns about the affordability of the loans.

The loans would not have been affordable without the other income.

I understand the comments made about Ms W's repayment history and the refinancing of loans. But because I do not have evidence to show that the other income was Ms W's and that adequate checks were carried out in regard to this, I find, on balance, I uphold this complaint.

my final decision

My final decision is that Provident Personal Credit Limited should refund Ms W the interest and charges she paid on her four loans taken out between March 2013 and July 2014.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 5 June 2017.

Jane Archer
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