

complaint

Mr E complains Provident Personal Credit Limited didn't carry out proper affordability checks and irresponsibly granted him unaffordable loans. He wants the outstanding balance written off and the charges and interest refunded.

background

Provident provides home credit. It said in its final response that Mr E had ten loans between December 2012 and June 2015. Its agent would get information from Mr E. An affordability assessment was carried out on each application. He'd some disposable income and it was enough to meet his weekly repayments. He made 104 payments on time some of which were larger and for more than one week, missed 43 and made two part payments. Twenty missed payments were after the final loan was issued and this suggests his circumstances had changed.

Our adjudicator felt this complaint should be partly upheld. He said:

- Provident carried out proportionate checks on the loans taken out in December 2012, April 2013 and March 2014. It assessed Mr E's income and expenditure and wasn't obliged to carry out a credit search. The information it had suggested these loans were affordable. His repayment history was also good and the loans were taken out a good period apart.
- After April 2014 when guidelines changed Provident says it would've carried out a credit check before approving the loans. But it hasn't provided any evidence of them. It just asked Mr E about his income and expenditure. This isn't enough.
- Mr E's pattern of borrowing also shows he never fully cleared any of his loans without first borrowing more from Provident. This was sign his borrowing wasn't sustainable. Mr E also had other defaults, debts and returned direct debits. His overdraft was at its maximum. Taking account of his credit file and bank statements its apparent this lending was unaffordable.
- Provident didn't act in line with the relevant guidance for the loans taken out after April 2014 and the later loans weren't affordable.
- So, Provident should refund the interest Mr E's paid on the loans from October 2014 onwards plus interest. And it should waive any unpaid interest and charges on all loans from October 2014 onwards. It should also remove information recorded on his credit file for loans taken out between October 2014 and June 2015.

Mr E agrees with the adjudicator's opinion.

Provident says, in summary, that it completed checks at the times of all applications. It's given enough evidence of them.

my findings

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

Provident refers in its recent response to the adjudicator's opinion to a spreadsheet evidencing the data it had available when carrying out its lending checks. But it hasn't sent this to us. Even so, I've enough information and evidence to show what happened and to make my decision.

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

Provident hasn't shown exactly what checks or information it relied on when dealing with Mr E's applications from October 2014.

I also agree with the adjudicator that given Mr E's borrowing history it would've been reasonable for Provident to have asked more questions and carried out further checks when Mr E applied for these later loans. If it'd done so, I think it would've most likely refused to lend them.

Taking everything into account I don't think Provident has shown it carried out appropriate or sufficient checks on the loans from October 2014, that they were affordable or that its lending of them was responsible.

Mr E has had the benefit of the money he borrowed. So, I don't think I can fairly require Provident to write off any balance owing as Mr E would like. And if he still owes any of the money he borrowed the refund can be used to offset anything still owing for that.

Overall I think the adjudicator's proposed resolution of this complaint is fair and reasonable. And I don't see any reason to change the proposed outcome in this case.

my final decision

I uphold this complaint and I require Provident Personal Credit Limited:

1. To refund all interest and charges applied on all loans from October 2014 plus pay simple interest at the rate of 8% a year from the date each such sum was paid until the date of settlement; and
2. To remove all loans from October 2014 from Mr E's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 28 November 2016.

Stephen Cooper
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