

complaint

Mrs C complains that Provident Personal Credit Limited lent her money irresponsibly because they failed to carry out proper affordability checks before the loans were agreed.

background

Mrs C took out a total of 12 loans with Provident between June 2005 and November 2014. She says that at the time she took out the loans she had a number of other debts and expenses and didn't have sufficient disposable income to make the loan repayments. Mrs C says that if Provident had checked her income and expenditure (including her bank statements) it would have been clear that the loans weren't affordable.

Our investigator explained that this service couldn't look into any loans which were agreed more than 6 years ago which meant we could only look at the 3 loans which had been taken out since October 2013. The investigator reviewed Mrs C's bank statements and credit file but said that based on the information available at the time when the loans were agreed there was no evidence that the loans were unaffordable.

Mrs C 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.

Each time Mrs C applied for the loan with Provident she provided details of her income and expenditure. Provident is entitled to rely on the information provided for the purposes of carrying out an affordability assessment.

Provident also carried out a credit check each time Mrs C applied for a loan. The credit checks showed that Mrs C had some other loans and credit accounts and that a couple of these were in arrears or had missed payments. I would have expected Provident to note this information, but the fact that Mrs C had some missed payments doesn't necessarily mean that Provident shouldn't have agreed the loans. A credit check is just one of a number of factors which are taken into account in assessing creditworthiness and affordability.

Provident has said that based on the information provided by Mrs C about her income and expenditure, and based on the credit checks carried out it was satisfied that Mrs C had sufficient disposable income to be able to afford the loan repayments.

I've looked at Mrs C's bank statements at the time when the loans were agreed. The bank account wasn't used very much and there isn't any regular expenditure. Based on the bank statements I'm unable to say that Mrs C didn't have sufficient disposable income to meet the loan repayments.

Taking all of the available information into account, I'm satisfied that Provident carried out reasonable and proportionate checks before agreeing the loans. I'm also satisfied that the checks showed that Mrs C had sufficient disposable income to afford the loan repayments. For these reasons I've given I'm unable to say that Provident lent to Mrs C irresponsibly.

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 Mrs C to accept or reject my decision before 4 March 2018.

Emma Davy
ombudsman