

## **complaint**

Mr K complains that Provident Personal Credit Limited (Provident) have been irresponsible in lending to him.

## **background**

Mr K took a loan with Provident in December 2016 for £700 repayable over 52 weeks. He didn't make any weekly payments but repaid it in full in February 2017. He took a second loan with them in March 2017 for £430 repayable over 26 weeks. He didn't make any repayments. The loan is outstanding because he can't afford to repay it.

Mr K complained to Provident. He said if they had carried out proper checks on his financial situation, they would've known the loan was unaffordable. He said he told them he had a gambling issue and was paying for his parent's health costs in the USA. Also, he said he told Provident he had left his employment at the end of February 2017. He feels they shouldn't have agreed a further loan given his financial circumstances. He asked them to write off the second loan and the interest. He also asked them to remove any negative entries in his credit file.

Provident refused to do this. They said they carried out all the correct checks including an affordability assessment. They said he didn't mention his gambling problem until April 2017. They knew he was going to America to help a family who was ill. They said he told them this was why he wanted the loan.

Mr K wasn't happy with this outcome so he brought his complaint to this service.

The adjudicator didn't think Provident had done anything wrong. He considered Provident had carried out all appropriate affordability checks prior to lending.

Mr K disagreed with our adjudicator. He's asked for an ombudsman's 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. Having done so, I agree with our adjudicator's view and for broadly the same reasons.

I think the key issue here is whether Provident knew about his personal and financial circumstances and whether they should have done more to assess his ability to repay the second loan.

### *what checks did Provident do?*

Provident has a duty to lend responsibly. This means they should carry out appropriate checks to make sure the loan is affordable. What is 'appropriate' will depend on factors such as the size of the loan, the repayments and the customer's income and expenditure. And whether he had enough disposable income to make the weekly payments. They are not obliged to check bank statements. But if they have any concerns about the information they consider, then they might choose to look at bank statements, carry out further checks or restrict the number of loans being given.

Provident said they asked him for details of his income and expenditure. And they were entitled to rely on the information which he provided. He confirmed he was in full time employment. His income was £6,100 per month. After deducting his monthly expenses, he was left with a disposable income of £3,770. Provident considered he could afford the weekly repayments based on this figure. They also considered his past history with them. His first loan was paid in full, before the repayment term ended, and so they had no concerns.

Provident said they also checked Mr K's credit file. They haven't provided this service with the information they considered so I have looked at his credit file too. I can see he had financial difficulties in the past. His credit file shows four defaulted accounts between 2012 and 2013. He had settled one of them. There were two county court judgements and some late payments but the accounts were up to date by the time he applied for the second loan. He had taken out payday loans. One was still outstanding and in arrears. But I don't consider this information shows he was facing financial difficulties and that's because he could still meet the loan repayments from his disposable income.

On balance, I think Provident carried out appropriate checks before making the second loan and that the checks done by them were reasonable and proportionate to the size of the loan.

*were Provident aware of the gambling issues and unemployment?*

Mr K says he told the Provident agent in December 2016 he had gambling problems. They say he didn't make them aware until April 2017. They disagree about when he disclosed his problem. I haven't seen anything confirming he did tell them in December. There's no note in Provident's records. They wouldn't have known about his gambling problem from his credit file. Provident would only have known this if Mr K had specifically told them, I think it's unlikely Provident knew about the gambling problems prior to the loan being agreed.

Mr K said he left his employment in February 2017. I can't see any notes confirming he told Provident this. The income and expenditure report shows he declared his income as £6,100 in March 2017. Also according to his bank statements, he continued receiving his monthly salary until May 2017. On balance, I think it's unlikely Provident knew of his unemployment prior to issuing the second loan.

*were there delays by Provident?*

Mr K has complained about delays in dealing with his complaint. He contacted Provident in April, May and July 2017. Provident agreed with Mr K to suspend interest on the account until May 2017. They sent him the final response letter in June 2017. They have 8 weeks to respond to the complaint and did respond within this time. In these circumstances, I'm afraid I won't be asking Provident to do anything further.

I'm sorry this will be disappointing news for Mr K. I appreciate this is a difficult time for him. But I hope the reasons for my decision are clear.

### **my final decision**

My final decision is I'm not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 23 March 2018.

Naima Abdul-Rasool  
**ombudsman**