

## **complaint**

Miss M complains that Provident Personal Credit Limited (“Provident”) lent to her irresponsibly.

## **background**

Between 2011 and 2016 Miss M took out six loans with Provident. We are not able to look at complaints that relate to issues more than six years old so we are only able to look at the loans Miss M entered into between July 2012 and the present day - and there are five of those.

Miss M complains that:

- the agents often didn't give her enough time to read the small print
- they should not have offered her loans when they knew she was out of work
- they refused to extend the period of loans and instead offered “top-ups” to extend the loans unnecessarily
- they should have realised she was struggling financially as she constantly needed to refinance
- late payments markers were made to her credit file unnecessarily

Provident didn't think they'd done anything wrong. They said they'd considered Miss M's income and expenditure summary and found her to have sufficient disposable income on each occasion. They added that they regularly restricted the amount of money that could be borrowed and the term of any loans to protect Miss M. They said that in this way they could review her repayment history along with affordability checks when they made decisions to offer additional credit. They added that they also regularly reviewed credit bureau information; employment type and residential status when making decisions on credit worthiness.

But Miss M was dissatisfied so she raised her complaint with this service and our adjudicator took a look. But she didn't think the loans had been made irresponsibly and as she couldn't find any adverse credit markers, that had been made by Provident on Miss M's credit file.

But Miss M was still concerned and she asked for a final decision by an ombudsman.

## **my findings**

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

I know it will disappoint Miss M but I agree with the adjudicator's view. Please let me explain why.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Before agreeing to provide a loan a business should check that the loan is affordable. The type of checks which a business should carry out should be proportionate, so (for instance) a mortgage lender will ask for bank statements and payslips, but a catalogue offering a low credit limit doesn't have to go into so much detail.

In considering this complaint, I've looked at whether Provident carried out proportionate checks, and at what information they had been given about Miss M's financial circumstances.

The methods Provident used to establish affordability were for them to decide but the practices and procedures they used had to be effective. And the depth of their analysis could be proportionate to the amount of money being requested.

Miss M was provided with five loans between July 2012 and the summer of 2016. The loans ranged from £300 to £1,000 so they were comparatively small loans and I would not expect Provident to apply extremely stringent analysis when authorising them – their analysis could be proportionate.

The information Miss M gave Provident about her income and expenditure suggested that she had sufficient disposable income to be able to afford the loans on each occasion. Her repayment history with them was good - she hadn't missed payments and had fully settled earlier loans. I agree with the adjudicator's findings that no adverse credit markers were made by Provident.

On occasions when it may have been advisable to check the credit record i.e. when Miss M borrowed twice in the space of a few weeks, it's clear Provident wouldn't have found anything that would have concerned them. Whilst Miss M's credit file showed she had additional credit sources it also demonstrated that she was managing these sources well and was not in arrears.

So I don't think the loans were extended irresponsibly. I think Provident's checks were proportionate and even if they weren't I don't think there was anything that would have meant lending would have needed to be declined if more comprehensive checks were conducted.

Provident has explained that their policy is to offer small loans over short periods of time and I don't think that's unreasonable. It's for Provident to decide what process they apply and it would not be fair for me to interfere with their operational decisions. I can understand that they may apply this protocol to ensure their customer's indebtedness to them isn't too extensive and so that they can regularly review an applicant's financial position when a new application is made.

Miss M says that frequent changes of staff caused her problems. In particular she complains that this led to her not being able to read the small print. I can understand that it would be difficult for Miss M to provide evidence of this but regardless, Miss M isn't complaining about not understanding the terms of the loans. She's complaining that the loans were made irresponsibly and I don't think the evidence demonstrates that.

Miss M says that loans shouldn't have been given to her when she was unemployed. But the employment status of a customer is not the only consideration the business needs to consider - that would prevent many applicants from obtaining loans at all. So I can't find that on that basis Provident was irresponsible.

Miss M was able to repay all of her loans on time, and in full and without significant impact on her credit performance elsewhere. So the loans seem to have been affordable.

**my final decision**

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 December 2018.

Phil McMahon  
**ombudsman**