complaint

Mrs B complains that Provident Personal Credit Limited advanced loans to her at a time when she was not in a position to repay them.

background

Mrs B complains about a number of loans which she took out with Provident. She says that Provident lent money to her at a time when she couldn't afford to repay it. Mrs B says that if Provident had carried out adequate checks, it would have seen that she was unable to afford the repayments and would not have lent to her. Mrs B also complains about the impact the loans have had on her credit file.

The adjudicator upheld the complaint in relation to Mrs B's credit file. He said that Provident should remove the loan entry for the April 2010 loan.

Mrs B did not agree with the rest of the adjudicator's findings. She said that the affordability checks carried out by Provident couldn't have been adequate, as she had existing repayments arrangements on earlier Provident loans, as well as other debts, including two county court judgments.

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've looked at the checks carried out by Provident in relation to the loans which this service is able to consider (loans from October 2013 onwards) to see whether the checks were carried out, and whether the checks were proportionate.

Prior to July 2015, Mrs B was required to provide information about her income and outgoings, which included details of repayments under existing loan agreements. The loans which Mrs B took out between October 2013 and May 2015 were subject to these checks. Mrs B doesn't think that these checks were adequate because she had previously experienced financial difficulties and had refinanced her loans and entered into repayment plans.

I can see that Mrs B was in a repayment plan when she took out her loan with Provident in October 2013. The information shows that Mrs B had adhered to the repayment plan for several months. A repayment plan is not, of itself, a reason not to advance a loan. It is one aspect of all of the information about income and outgoings which is taken into account. The loan which Mrs B took out in October 2013 cost 50p per week more than her existing repayment arrangement, so I can't say that Provident acted irresponsibly in advancing a further loan.

Mrs B says that she had previously experienced financial difficulties. But the recent conduct of her accounts leading up to the October 2013 loan showed that she had overpaid her loan every week and maintained her scheduled payments. Mrs B has acknowledged that she paid Provident in preference to other creditors. So I can't say that Provident would have been aware that Mrs B couldn't afford to repay her loan.

From July 2015 Provident says that it took a new approach towards affordability checks, which used a mathematical programme to assess creditworthiness. Provident says that it looked at Mrs B's income and outgoings as part of this process, and took into account the information from her payslips and benefits statements.

The adjudicator said that Provident should have conducted further checks when Mrs B took out her loans in May 2015. This is because she was borrowing a higher amount and was still required to make repayments for the loan which she had taken out a month earlier. The adjudicator also said the same about the loans which Mrs B took out in August 2015 and November 2015. But even if Provident had conducted further checks, it's not clear whether those checks would have revealed the extent of Mrs B's other borrowings. This is because Mrs B's credit file shows that not all of her creditors have reported to credit reference agencies, and that Mrs B applied to other lenders at around the same time she applied to provident (so this information was unlikely to have been available to Provident). So even if Provident had carried out further checks, such as a credit search, I don't think this would have made a difference to their decision to advance further loans to Mrs B.

I've looked at Mrs B's credit file and I can see that the loan which she took out in April 2010 is still reporting negative markers, even though it was settled in 2013. A default can be recorded when a borrower is 3 months in arrears. In this case, Mrs B's account was in arrears for 6 months. I think that Mrs B has been disadvantaged by the account not being defaulted. If it had been defaulted after 6 months, the account would no longer be appearing on her credit file.

Taking all of the available information into account (including the evidence provided by Mrs B about her income and liabilities), this doesn't show that Mrs B was unable to afford to repay her loans. So I can't say that Provident acted irresponsibly. But I think that the information relating to the April 2010 loan should be removed from Mrs B's credit file.

my final decision

My final decision is that Provident Personal Credit Limited must remove the loan entry for the loan dated 6 April 2010 from Mrs B's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 4 December 2017.

Emma Davy
ombudsman