

complaint

Ms G's complained that Provident Personal Credit Limited (trading as 'Glo') shouldn't have accepted her as a guarantor for a loan.

Mr G, her brother, complains on her behalf.

background

Ms G agreed to be a guarantor for a loan her friend took out with Glo. It took her personal and financial details over the phone.

When her friend didn't make any repayments, Glo pursued her for the outstanding balance.

Mr G complained to Glo on behalf of his sister. He said if it'd carried out sufficient checks, it would've established his sister wasn't an acceptable guarantor because she has a mental health condition and debts of her own.

He asked Glo to remove her name from the loan agreement. He also asked for £5,000 compensation for the way it treated her.

It said it hadn't done anything wrong and refused to pay compensation. It said it didn't know she was a vulnerable consumer when it assessed her and had no reason to suspect she was. It said she also satisfied its affordability checks. But it agreed to remove her as a guarantor for the loan. And it's no longer pursuing her for the outstanding balance.

Ms G wasn't happy with this outcome so she brought her complaint to this service. She's said Glo treated her unfairly and should pay her compensation.

Our adjudicator didn't uphold her complaint. She thought Glo's decision to remove her name from the loan agreement was a fair and reasonable settlement of her complaint.

Ms G disagreed with our adjudicator's view. She'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'm afraid I agree with our adjudicator's view and for broadly the same reasons.

I've listened to the phone call between Ms G and Glo. She told the adviser she was receiving disability benefit. The adviser asked why. She replied she had a leg problem.

I think it's fair to say many people would rather not disclose they have a mental health condition. So I can understand why Ms G chose not to disclose it. But I'm afraid this also means I can't say Glo should've treated her as a vulnerable consumer when it didn't know about her condition.

And I don't think there was any reason for it to suspect she had a different disability to the one she disclosed. Ms G was lucid during the call. She answered the adviser's questions without hesitation. I wouldn't expect the adviser to second-guess her answers. And neither

should the adviser be making any assumptions about a consumer's health – especially when there's no basis for doing so.

Glo considers she has capacity to make financial decisions. There's no medical evidence on this point. Even if she has, I still think her condition is a relevant consideration. But it's no longer one I have to think about, now that Glo has removed her as guarantor.

Mr G said his sister couldn't afford to be a guarantor. But according to what she told Glo, she could afford the monthly repayments. I think Glo was entitled to treat the financial information, which Ms G provided, as accurate. And anyway, it still checked her credit file to verify her outgoings.

Besides, I think Glo's offer is a fair and reasonable way to settle this dispute. By removing her name as guarantor, it's restored her to the position she would've been in had she not agreed to be a guarantor.

In these circumstances, I don't think Glo did anything wrong when it accepted her as a guarantor so I won't be asking it to pay compensation. As soon as it found out about her situation, it removed her from the loan as guarantor. And it's not pursuing her for the debt.

I'm sorry this isn't the outcome Ms G was expecting, but I hope the reasons for my decision are clear.

my final decision

My final decision is I won't be asking Provident Personal Credit Limited to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 13 July 2017.

Razia Karim
ombudsman