

## Complaint

Miss B says Provident Personal Credit Limited provided her with multiple loans when it was clear she couldn't afford to repay them.

## Background

Miss B took 8 home credit loans between August 2009 and September 2017. Provident provided the following information about the loans.

loan number	start date	loan	repaid
1	06/08/2009	£150.00	10/11/2009
2	09/11/2009	£400.00	not settled
3	04/12/2012	£200.00	not settled
4	30/12/2016	£100.00	08/03/2017
5	06/03/2017	£470.00	06/09/2017
6	20/06/2017	£200.00	15/09/2017
7	20/08/2017	£700.00	not settled
8	15/09/2017	£300.00	not settled

Our adjudicator recommended Miss B's complaint be upheld from loan 3 onwards. He felt the overall pattern of borrowing suggested Miss B had become persistently reliant on this form of loan.

Provident agreed with the adjudicator's recommendations and said this amounted to writing off the outstanding debt of £1,618.80 and deleting the six agreements from the consumer's credit file. Miss B did not accept this offer. She explained that the lending has had an impact on her health and wellbeing.

Provident didn't propose to offer a further sum for any distress and inconvenience caused. This was on the basis that it considered it was writing off £296.58 of unpaid capital as part of the resolution already offered.

I issued my provisional decision on 6 March 2020 explaining why I was thinking of awarding Miss B £250 for the distress and inconvenience caused by Provident, in addition to Provident's offer to write off the loans.

Provident did not respond to my provisional decision. Miss B responded saying with regards to loans 1 and 2, the agent at the time had stolen customers' money.

## My findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account all the relevant rules, guidance and good industry practice when considering whether the offer made by Provident is fair and reasonable.

Provident has accepted it shouldn't have lent Miss B loans 3-8. Miss B's concerns centre around the offer made by Provident but she has raised an additional point in response to my provisional decision about the agent intercepting consumers' money at the time loans 1 and 2 were running.

I can only consider how these actions affected Miss B and whether they caused her any actual financial loss (as well as the distress and inconvenience which I've already considered). I don't have the power to make punitive awards or punish a business – that would be for the regulator.

I don't think these actions have caused Miss B a direct loss. I say this because

- The business has recorded loan 1 as being repaid – so it appears the repayments Miss B made to the agent were correctly applied to the loan account.
- Even, if the agent did intercept Miss B's repayments for loan 2 – leaving the loan inaccurately recorded as unsettled – the business has not used the unsettled amount from loan 2 to offset in its calculations for loans 3-8.

So, I don't think Miss B has suffered an actual financial loss as a result. As I've said above, I don't make awards for punitive damages, but I have considered the overall impact of Provident's actions on the distress and inconvenience caused to Miss B below.

The adjudicator didn't uphold Miss B's complaint that loans 1 and 2 were irresponsibly lent. These loans were early on in the lending relationship and the repayments were not excessive in comparison to Miss B's income. I appreciate that this might not have been reflective of Miss B's actual financial situation at the time. But in these circumstances, I'm not persuaded that Provident did anything wrong when it provided these first two loans.

Provident agreed with the adjudicator's recommendations to uphold loans 3-8 and has confirmed that it will be writing off the balance which includes unpaid capital. I am not persuaded the unpaid capital is as high as Provident claims but overall, this does not seem an unreasonable resolution in terms of addressing Miss B's complaint about irresponsible lending in the circumstances of this complaint.

However, Miss B says she has suffered as a result of the loans. She has health issues and says the lending has impacted on her health. So, I have considered whether or not Provident's actions have caused Miss B any trouble and upset and whether it should pay Miss B compensation in respect of this.

The original application forms that Miss B completed for Provident indicated that she was in receipt of Personal Independence Payment – a benefit payment for long term illness or disability – a fact that I think the agent would reasonably have been aware of. Miss B borrowed over a number of years from an agent who visited her at her home each week to collect the repayments and presumably continued to do so when payments became outstanding. I therefore think that at some point during the course of the eight-year relationship Provident had with Miss B, the agent(s) ought reasonably to become aware of Miss B's health issues and that Miss B was potentially a vulnerable consumer.

I would not expect an agent to predict the potential health implications of lending on an individual and I don't think Miss B's medical conditions should necessarily preclude her from borrowing. Indeed, the complaint in relation to the first two loans has not been upheld.

However, Provident says Miss B did not repay a loan taken in 2009, yet knowing this was still outstanding, it agreed a further loan in 2012. Miss B did not repay this loan either; yet again a further loan was also granted in 2016. Miss B then went from borrowing a loan of

£100 in December 2016 to loans totalling £1,000 just eight months later. Provident has concluded that it shouldn't have agreed any further credit for Miss B beyond her first two loans. Whilst Provident is not responsible for Miss B's underlying health conditions, I think the agent ought reasonably to have been aware of the greater impact that further lending was likely to have on Miss B, given her circumstances.

### **Putting things right**

In addition to writing off the remaining balance, for the reasons explained above, I also make an award of £250 for the trouble and upset Provident has caused Miss B.

### **My final decision**

For the above reasons, and set out in my provisional decision, I partially uphold Miss B's complaint and direct Provident Personal Credit Limited to pay Miss B distress and inconvenience of £250, in addition to writing off the remaining balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 26 April 2020..

Kathryn Milne  
**ombudsman**