

complaint

Mr B complains that Provident Personal Credit Limited trading as Provident irresponsibly gave him loans not taking his circumstances into account. He would like all the interest and charges applied to his account refunded. And details of the loans taken off his credit file.

background

Mr B says he feels that Provident irresponsibly lent him money. He says although he had one loan that he cleared he defaulted on a second loan. So he doesn't think that Provident should have agreed a third loan. He says he doesn't feel Provident carried out sufficient checks to ensure the loans were affordable.

Provident said it carried out its usual checks when Mr B applied for loans. And at the application stage Mr B gave details of his disposable income which it felt showed the loans were affordable. Mr B also signed to say the payments were sustainable and affordable and he didn't foresee any change of circumstances.

Our adjudicator didn't uphold the complaint. He found that Provident relied upon information Mr B gave it to agree his loans. And that information combined with credit file data indicated the loans were affordable.

Provident accepted this view but Mr B didn't. He felt that Provident should have done more and referred to another decision by our service that had been made in his favour. Mr B said although his first loan was cleared on time the second he paid off in one instalment.. And he says by the time Provident gave him a third loan he had a history of missed payments leading to the loan going to a debt collector. He feels Provident should have also noticed the discrepancies between the information he gave Provident and that on his credit file

Our adjudicator considered these points but didn't change his view. He didn't feel the credit file information indicated the loans would be unfordable. And felt the loans were affordable based on the disposable income Mr B told Provident that he had.

Finally that for the third loan which was the one Mr B was specifically questioning Provident completed checks through Call Credit to verify Mr B's income. And to ensure that the information Mr B gave met their internal credit scoring system

my findings

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

Mr B feels strongly about this so I appreciate he is going to be disappointed as I've reached the same conclusion as our adjudicator.

I've noted that Mr B has referred to other decisions by this service going in his favour. I should point out that we look at each complaint individually. So if other cases have been upheld it doesn't automatically mean that further cases will be.

I've looked very carefully at all the information I've been given. Provident seems to have based its decisions on information Mr B provided, and credit information.

There doesn't seem to be any dispute that Mr B gave Provident disposable income information that showed he could afford the three loans. Mr B says he made a mistake with the figures. That may be so but I think Provident was entitled to think the information would be correct. And Mr B hasn't given us any information from the time he made the loans for example bank statements, payslips or evidence of outgoings to show the information he gave was wrong.

However Provident has also told us it makes checks with credit reference agencies and if these show a higher expenditure figure than declared it processes applications based on the higher figure. And I can see this was the case in the third loan where Provident's records show it adjusted Mr B's disposable income down from £1,035 per month the figure Mr B gave to £340.13 per month. I think this shows that Provident didn't just take the information Mr B gave it at face value and in that sense I think it acted responsibly. The monthly loan repayment for the third loan was £99.49 so I don't feel based on disposable income of £340.13 that it was unreasonable or irresponsible of Provident to offer that particular loan.

In terms of credit information I have looked at Mr B's credit file. I agree with our adjudicator that there is some negative information on it including two defaults in 2013. I agree with our adjudicator's view that this should be information that Provident should take into account. But as the defaults were settled in advance of the first loan being taken out I don't think the total information from the credit file would in itself lead me to feel Provident acted irresponsibly by agreeing any or all of the loans.

The final information I have looked at to judge if Provident acted reasonably in agreeing loans are its customer notes. These do show a history of payment difficulties. Mr B took out his first loan on 11 December 2013 and by 24 December 2013 the notes show that Mr B was sorting out a debt management plan but said he could clear the debt which I believe he did so in January 014.

Mr B took out his second loan on 3 September 2014 and again I've noted that by 19 September 2014 he has contacted Provident to say he was struggling and was in contact with a debt advice charity. The records show there were some non payments by November 2014. However that debt also seems to have been paid off in full.

There was a similar pattern with the third loan which Mr B took out on 11 June 2016 .Again the notes show that by 27 June 2016 Mr B was again in contact with a debt advice charity.

I have considered very carefully if this pattern of financial problems is sufficient to say that Provident shouldn't have agreed any, if all, of the three loans.

I've concluded that for the first loan Provident was entitled to rely on information Mr B provided and its own searches. In terms of the second loan approximately 9 months had passed from when Mr B took out his first loan. Provident carried out its checks and I think at that stage it would have been unfair to conclude as Mr B had a problem with the first loan that would mean it shouldn't offer a further one. Particularly as Mr B did pay off the first loan in full.

In terms of the third loan Mr B took this out 21 months after the second loan. So again I think Provident was entitled to think that Mr B's circumstances might be different. Unfortunately as the same pattern seems to have repeated itself I don't think they were. But I don't think Provident could have assumed that at the time it agreed the loan.

I have also looked at if Provident acted positively and sympathetically when Mr B raised financial problems which is what we would expect it to do. But I should say that doesn't automatically mean that businesses have to write off or refund charges. From the notes it appears that Provident agreed reduced monthly payments for the second loan. And similarly for the third loan it also appears that Provident agreed a payment plan.. So I do think that Provident tried to help Mr B with his loans when he encountered difficulties.

Taking into account all of the information I have seen I don't think Provident were wrong to agree the loans that it did. So on that basis I can't reasonably tell Provident to refund the interest and charges Mr B has paid as he has requested. And for the same reason I can't reasonably ask Provident to take remove the information relating to these loans on Mr B's credit file since it is important that this data is accurate.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 December 2018.

Bridget Makins
ombudsman