

complaint

Mr M complains, in summary, that Provident Personal Credit Limited, trading as glo, ("Provident"), provided him with unsatisfactory account management, customer service and complaint handling.

background

Mr M took out a loan with Provident in September 2015. The loan was for £7,000 to be repaid by 36 payments of £341.70, and was guaranteed by Mr M's father. The interest rate was fixed at 25.1%. Mr M fell into arrears in February 2016. In summary, Mr M is unhappy about:

- the way in which Provident has dealt with his payment difficulties since January 2016;
- Provident not providing him with the interest information he asked for;
- Provident applying a default to his credit file even though it didn't serve him with a default notice;
- Provident defaulting his account again when he had an ongoing complaint;
- Provident not responding to his correspondence;
- Provident phoning him when he'd asked it to contact him in writing.

Mr M wants his loan account closed and the balance written off.

our investigator's view

The investigator didn't agree that Provident had treated Mr M unfairly. With regard to his financial difficulties, she'd noted that it had rearranged payments to help him and checked that payments were affordable. But she also explained that payments still needed to be made, and if Mr M couldn't make the payments, his guarantor would be asked to do this. The investigator noted that Mr M's last payment was made in January 2016, and that Mr M said that he wasn't in a position to pay the arrears in September 2016 when a default notice was sent to him. And although Mr M didn't initially receive the default notice which Provident had sent to him in September 2016, she was satisfied that Mr M knew about it as his guarantor had received a copy. As Mr M wasn't in a position to clear the arrears by 2 October 2016, the investigator couldn't fairly ask Provident to remove the default from Mr M's credit file. The investigator also noted that Provident had offered Mr M £50 as compensation for attempting to contact Mr M while he was out of the country. She thought this was fair in the circumstances. The investigator had also noted that Mr M was experiencing significant financial difficulties, and she recommended that Mr M contact Provident as a matter of priority to see what they could do to assist him. She also suggested he contact a free debt advice agency.

Mr M disagreed and responded to say, in summary, that the investigator hadn't dealt with all areas of his complaint, and some had been disregarded. He referred specifically to:

- Provident's error in saying a default notice dated 15 September 2016 was sent to a new address which Provident hadn't been told about on the date it was sent;
- Provident had wrongly decided he should miss the payment for February 2016;
- There were inaccuracies in the dates quoted by Provident in its correspondence;
- He hadn't received the £50 cheque which Provident said it had sent him;
- Provident hadn't fully investigated his complaint as it should have listened to all his calls from January 2016 onwards, but it only referred to calls from March 2016 onwards in its

responses to his complaint;

- He'd been told his interest rate was different due to the service of a default notice, and was still awaiting information on how it differed;
- Provident should have done more to help and support him with his financial difficulties;
- He was unhappy that Provident's legal adviser had responded to his complaint.

my provisional decision

After considering all the evidence, I issued a provisional decision on this complaint to Mr M and to Provident on 15 March 2017. I summarise my findings:

I sympathised with Mr M for the financial – and medical – difficulties that he was suffering. But I also noted that he didn't dispute that he owes a debt to Provident.

I could see that Mr M had referred to numerous issues in his complaint correspondence. I could see that the investigator had dealt with most of these and as these had already been covered in the investigator's view, I said I wouldn't deal with all of them again. I had however aimed to cover those areas where I believed Provident hadn't acted appropriately. I had also referred to issues which Mr M had complained about, but where I thought Provident had acted fairly. I also wished to assure Mr M that I had read and considered all the documentation in the complaint file and had listened to six call recordings from February to October 2016. I noted that Mr M had asked for all his phone calls with Provident to be listened to since January 2016 as he'd said that this was when he first got into financial difficulties. But I noted that Mr M was able to make his January 2016 payment. So, the first call I'd listened to was on 2 February 2016.

financial difficulties

I could see that Mr M was unhappy at the way Provident had dealt with his financial difficulties. He didn't feel that it had sufficiently supported him and acknowledged his difficulties and instead it had just demanded payments from him. I could see that Mr M had now consulted with a debt advice agency and supplied us with information to show that he had 13 debts totalling over £17,000. I understood that he'd sent copies of this to Provident and had also sent them information about his unemployment, finances and health difficulties in January 2017.

I could also see that Mr M had told Provident about his monthly payment of £490 to his ten creditors in his complaint letter dated 23 July 2016. And on 26 September 2016, Mr M had told it in a phone call that he had other debts, had consulted Citizens' Advice and was trying to arrange a payment plan. I'd listened to the call dated 26 September 2016 when this was discussed. I noted that Provident was sympathetic, it had offered to provide Mr M with details of free advice agencies and that it had said that it would go through an income and expenditure form with him to check that any future payment arrangement was affordable. I thought this was reasonable. I had also listened to the recording of a call between Mr M and Provident on 6 October 2016 and I could see in that call that Mr M had talked about the amount of his indebtedness to his other creditors. I thought that Provident was sympathetic to Mr M in that call. And I also thought Provident had acted reasonably in its calls with Mr M referred to below in February and March 2016.

But, I could also see that Mr M had sent an email to Provident on 23 April 2016 asking for his monthly payments to be paused or reduced. He'd said in his email that an email response

would be preferred. But I could see that Provident had rung him on 23, 27 and 28 April 2016 to discuss the matter without response. Mr M had then become unemployed on 29 April 2016 and had written a letter to Provident on 1 May 2016 which Provident didn't receive. I'd seen a copy of that letter and noted that Mr M had asked for support because of his situation. I noted that Provident had tried to phone him again on 16 May 2016 without answer. I thought that in view of Mr M's financial difficulties, that if Provident couldn't reach Mr M by phone, that it would have been reasonable for it to have contacted him in writing in view of his stated preference for that form of communication. I noted that the account was then defaulted in May 2016, although a default notice wasn't sent to Mr M (see more below).

I could then see that Mr M had obtained a new job from 1 August 2016, and in his complaint letter to Provident dated 23 July 2016, he'd offered to make minimum monthly payments from September 2016 until September 2017. But these appeared to be conditional on the interest and charges applied to his account from February 2016 being written off, his credit files being amended to show no missed payments and on his obtaining a final balance statement as of 30 September 2017. I didn't think that I would have reasonably expected Provident to have agreed to Mr M's credit files being amended (other than for the removal of the May 2016 default) as Provident was obliged to record accurate payment information to the credit reference agencies. And I also couldn't see why Provident should have had to remove interest and charges from Mr M's account from February 2016 as I didn't think it had acted unfairly at that time. But, I could see that Provident had agreed to remove interest from Mr M's account for four months after the first default was incorrectly applied, which amounted to around £1,000. I thought that was reasonable.

I could also see that Provident in its final response letter dated 16 September 2016 had suggested that Mr M contact it to discuss his payment arrangement. I thought this was reasonable. I noted from Provident's contact notes that Provident had called Mr M on 16 September 2016 to discuss the arrangement, but Mr M had said he wanted a statement before he would set the arrangement up. I also noted that Mr M didn't receive the original final response letter and a copy was emailed to him on 17 October 2016.

However, as Mr M had indicated in his complaint letter dated 23 July 2016 and the phone calls dated 26 September and 6 October 2016 that he'd had numerous other creditors, I thought that Provident could have done more to investigate this with Mr M, to be more supportive and to have tried to reach a more affordable arrangement with him. But, I did appreciate that Provident might to some extent have been prevented from doing this by Mr M's unwillingness to answer its calls and due to his requirement for his complaint to be resolved before making any payments.

I noted that Mr M became unemployed again on 31 October 2016 and that he was currently suffering from mental health issues. In view of Mr M's current financial difficulties, I said that if he didn't proceed with the debt advice agency's advice, I would urge him to contact Provident to discuss these. And I reminded Provident of its duty to treat cases of financial difficulty positively and sympathetically, and to have regard to the Money Advice Liaison Group's Good Practice Awareness Guidelines for helping consumers with Mental Health Conditions and Debt.

default notices

I noted that Provident had accepted that it hadn't sent Mr M a default notice in June 2016 even though it had then applied a default to his credit file. It had agreed to remove the default from Mr M's credit file and had said it would send him £50 compensation for this error

and for its calls to him whilst he'd been abroad for seven days and had asked it not to phone him.

I could then see that Mr M was sent another default notice on 15 September 2016, although he didn't receive this, whilst his guarantor did receive the notice. As his guarantor had received the default notice, I could see that Mr M was aware of it and he'd spoken to Provident on 26 and 27 September and 6 October 2016 about this. I had listened to these calls. It wasn't clear why Mr M hadn't received the default notice although as he had moved home around this time, it was possible that the original default notice was sent to his previous address.

I could see that Mr M was unhappy that he then received a default notice which was backdated to 15 September 2016 and addressed to his new address. But I could see from the call on 27 September 2016 that Mr M was told that he would be sent a duplicate notice which would be backdated and addressed to his new address. So, I didn't think that Provident had done anything wrong by sending the duplicate to him in this way. But, I could see that Provident's complaint response dated 9 December 2016 might have been confusing in referring to the notice actually being sent on 15 September 2016 to Mr M's new address which wasn't the case. I could also see that Mr M was unhappy that a default had been sent before his complaint had been responded to. I could see why he'd thought this as he hadn't received Provident's final response letter dated 16 September 2016. But I didn't think that Provident had acted unreasonably in sending a further default notice to Mr M due to him missing seven payments. I could see from the call on 6 October 2016 that Mr M had believed that if he was in a payment arrangement with Provident, it wouldn't have sent him a default notice. But Provident had advised him in that call that his belief was incorrect. I also didn't think that Mr M would have been able to clear the debt if he'd received the default notice promptly in view of his other debts and financial situation. I considered it to be more likely than not that the account would've still been defaulted if Mr M had received the default notice.

Provident wrongly deciding that Mr M could miss his February 2016 payment

I noted that in a call on 2 February 2016, Mr M had told Provident that he'd had extra expenses as he was moving home and couldn't make his February payment due on the 12th of the month. I noted that Mr M had agreed in that call to make two payments on the 4th and 12th of March 2016. I could see that Provident had checked with him that he would be able to afford these, and Mr M had said that he could. I noted that Provident had told him to give it a call if he had any problems. Provident had also explained that additional interest would be added to Mr M's account in view of the late payment and Mr M had noted this. I couldn't see that Provident had acted unreasonably here.

lack of response to correspondence

Mr M had complained that Provident had failed to respond to some of his correspondence. He had referred to an email he'd sent Provident in February 2016 which it hadn't responded to. But I noted he later said in January 2017 that the February 2016 email wasn't sent, but was discussed on the phone.

It then appeared that Mr M had forgotten that he'd agreed to make a payment on 4 March 2016 during a phone conversation on 2 February 2016. He'd emailed Provident on 7 March 2016 to complain that Provident had tried to take a payment from his account on

4 March 2016. I could see that Provident had responded to this email by discussing it in a phone call on 9 March 2016. I'd listened to that call and I noted that Provident went through an income and expenditure form with Mr M to check that three monthly payments of £454.90 were affordable. It was clear to me that Mr M had agreed to make those three payments, although he then didn't keep to the arrangement. So, I couldn't say that Provident didn't respond to the email dated 7 March 2016.

Mr M had then sent a letter to Provident on 1 May 2016 by first class post to tell it about his financial difficulties. I'd seen a copy of this and it appeared to be correctly addressed. Provident had said it didn't receive this letter, and I had no reason to doubt that. Mr M was unhappy that Provident didn't respond to this letter, but I didn't think I could say that Provident had acted unfairly here if it didn't receive the letter.

Mr M had also referred to an email dated 30 May 2016 which he'd sent to Provident. Provident had said that it didn't receive this. And this might have been the case as I noted that Mr M didn't have a copy of it.

Mr M had also complained about the delayed response to his complaint letter dated 23 July 2016. I said that I had dealt with this in the following paragraph.

complaint handling

I noted that Mr M had sent his complaint letter to Provident on 23 July 2016. Provident had eight weeks to provide a final response letter ("FRL"). It did this on 16 September 2016, although it appeared Mr M didn't receive this. It had also said it had sent him a cheque for £50 as compensation for applying a default to Mr M's credit file in error and phoning him when he was abroad, although it had been told not to do so. Mr M had said he didn't receive the cheque, although I'd seen Provident's contact notes and I could see that it had arranged for this to be sent to him. I noted that in any event Mr M had rejected Provident's offer of £50 compensation.

As Mr M didn't receive the FRL, I could see that he had phoned Provident on six occasions to chase this. It was unfortunate that Provident hadn't clearly documented the sending of the FRL in its contact notes. I had listened to recordings of calls made on 26 and 27 September 2016. I noted that Provident's staff had said on 26 September 2016 that the investigation of the complaint had been completed and a letter was being sent out. On 27 September 2016, Mr M was told the complaint was being looked at and someone should get back to him. I also noted that even in the one hour call on 6 October 2016 with one of Provident's managers, when the manager appeared to read the contact notes in some detail, I could see that there was no reference to the FRL having been sent out. I could see that Mr M was concerned about this. These calls were lengthy and took up Mr M's time unnecessarily. If the sending of the FRL had been clearly documented, this could have been dealt with in the first call and a further copy of it could have been sent to Mr M. I didn't think that Provident had acted appropriately here.

Mr M had also said that the FRL didn't respond to all his complaint issues. I agreed with him. In particular, I noted that he had detailed his financial difficulties in his complaint letter which weren't acknowledged in the FRL. I could see that he'd referred to having ten creditors and I thought that Provident should have queried this further. Mr M had also requested a final statement and this wasn't dealt with in the FRL, nor was his request for a refund of all charges and interest from February 2016 and changes to be made to his credit file. The FRL

also didn't acknowledge his request for all communications to be in writing. So, I didn't think that Provident had acted appropriately here.

Mr M had phoned Provident on 6 October 2016 to complain that he'd just belatedly received a default notice from them and the payment due date was only a couple of days later. I'd listened to the call which was an hour long. I could see that Provident's agent (a manager) went through each of Mr M's issues thoroughly and patiently. Provident had told Mr M in that call that around £1,000 interest hadn't been charged to his account for the period when the first default notice had been applied, and then removed. I thought this was reasonable.

Mr M had then raised further complaint issues in his letter to Provident dated 21 October 2016. Provident had responded to these in a second final response letter dated 9 December 2016, ("FRL2"). Unfortunately there were further errors in this letter. I could see that Provident had referred to Mr M's complaint being raised in June 2016, and not July 2016. It had stated in error that the second default notice had been sent to Mr M's new address on 15 September 2016 before he'd told Provident he'd moved there. In addition, it had acknowledged that Mr M's complaint wasn't marked as resolved which had resulted in six calls with Mr M and it had apologised for this. But, I thought that it would have been reasonable to offer Mr M further compensation for this.

The FRL2 had also referred to Mr M's concerns over interest charges which had been discussed in the call on 26 September 2016. Mr M was led to believe from that call that a different interest rate was being charged for his arrears and he'd wanted to know what this was. Provident had said in the FRL2 that Mr M was informed on that call that arrears were charged daily and the interest rate for those charges was explained in the terms and conditions. I had checked the terms and conditions and I couldn't see that a different interest rate for arrears was specified. I could see that clause 10 of the agreement terms said that if the direct debit wasn't collected, additional interest would be incurred calculated as a percentage of the outstanding daily balance. But the terms didn't say what that interest percentage rate was or whether it was the same as the interest rate for the agreement. I could see that this would have been confusing for Mr M and it didn't appear that he had received a sufficiently clear explanation to date. I thought that Provident should supply this to him. Overall, I didn't think that the FRL2 was satisfactory, and I didn't think that Provident had acted correctly in relation to it.

excessive phone contact

Mr M also complained that he and his guarantor were receiving numerous phone calls from Provident which they believed were excessive. Mr M admitted to Provident during his call with them on 6 October 2016 that he had blocked Provident's numbers on his phone and his guarantor ignored the calls. As Provident was unable to get a response from Mr M with regard to his missed payments, I didn't think that it had acted unfairly in trying to contact Mr M. I didn't doubt that the recovery action by Provident was unwelcome and distressing to Mr M. But I said that Provident was entitled to seek recovery of the debt. And it was entitled to communicate with Mr M and his guarantor about his debt. But, I wasn't not persuaded that its communications amounted to harassment. And I noted that Provident had offered compensation to Mr M for the calls it had made to him whilst he was abroad for which it had also apologised.

Provident Lawyer's letter

Mr M had complained to Provident's Chief Executive Office ("CEO") on 22 November 2016. I could see that Provident's legal adviser had responded to this. I didn't think there was anything wrong with this as Mr M had written to the CEO and the CEO had asked the legal adviser to respond to Mr M.

writing off of debt

I appreciated Mr M's strength of feeling and I had sympathy for the position he found himself in. I could see that Mr M had asked for his debt to be written off. He had also previously said that he shouldn't have to pay any interest on his loan, and should just pay the principal because of the way he'd been treated by Provident. But, I didn't think that Mr M's requests were reasonable as there was no doubt that he'd had the benefit of the money that he'd borrowed. I also thought that it was reasonable to expect Mr M to pay the interest attached to the loan as he would have agreed to this at the time he took out the loan. But, I did think Mr M should receive compensation for the trouble and upset caused by Provident's errors which I'd detailed above. Overall, I thought that £250 would be appropriate compensation (including the £50 already offered by Provident). And I also thought that Provident should provide Mr M with a detailed explanation of the interest rate applied to the arrears on his account.

Subject to any further representations by Mr M or Provident, my provisional decision was that I intended to uphold this complaint in part. In full and final settlement of it, I intended to order Provident Personal Credit Limited, trading as glo, to:

1. Pay Mr M £250 compensation; and
2. Provide Mr M with a detailed explanation of the interest rate applied to the arrears on his account.

Provident had no further information to submit in response to the provisional decision.

Mr M accepted the provisional 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.

As Provident and Mr M haven't provided any fresh information or evidence in response to my provisional decision, I find no basis to depart from my earlier conclusions.

my final decision

My decision is that I uphold this complaint in part. In full and final settlement of it, I order Provident Personal Credit Limited, trading as glo, to:

1. Pay Mr M £250 compensation; and
2. Provide Mr M with a detailed explanation of the interest rate applied to the arrears on his account.

Provident must pay the compensation within 28 days of the date on which we tell it Mr M accepts my final decision. If it pays later than this it must also pay interest on the compensation from the date of my final decision to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 May 2017.

Roslyn Rawson
ombudsman