

complaint

Mr O complains that, when he applied for loans with Provident Personal Credit Limited, it didn't check whether he could afford to repay them and didn't check his credit record.

background

Mr O agreed two loans with Provident in November 2013 – one for £1,000 and one for £200. In February 2014 Mr O became unemployed. His wife met the loan repayments for a while, but couldn't afford to pay the full amount for very long. Mr O wants Provident to write off the outstanding balance, refund all interest and charges and remove the loans from his credit record.

The adjudicator did not recommend that the complaint should be upheld. He thought Provident had done enough to check that the loans were affordable. When Mr O told it he was in financial difficulties it acted sympathetically in agreeing reduced payments.

Mr O didn't agree. He said, in summary, that:

- Provident should have realised he'd taken out a number of loans with it and was struggling with a spiral of debt.
- He'd only managed to repay earlier loans with Provident by borrowing money from other lenders.

my findings

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

Two loans for £1,200 in total were agreed in November 2013. £772 was used to pay off an outstanding loan with Provident. The loan agreements required Mr O to pay £36 a week. Provident asked for details of Mr O's weekly income and outgoings to decide whether Mr O could afford to repay the loans. Based on the information Mr O provided, he had a disposable weekly income of £124. There was no obligation on Provident to carry out a credit reference check and, based on the information provided, it would seem Provident weren't unreasonable in concluding that the loans were affordable.

Mr O was able to meet the loan repayments until his circumstances changed. So this would seem to support the conclusion that the loans were affordable – until Mr O lost his job which couldn't have been foreseen when he applied for the loans.

Mr O had three previous loans with Provident. But this does not change my conclusion that Provident acted reasonably in November 2013 when it concluded that the loans agreed were affordable.

Provident has an obligation to treat consumers who are in financial difficulties positively and sympathetically. I agree with the adjudicator that Provident fulfilled this obligation when it agreed to reduced repayments. I would remind it of its continuing obligation if Mr O continues to experience financial difficulties.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 30 August 2016.

Elizabeth Dawes
ombudsman