

## **complaint**

Mr O complains that Provident Personal Credit Limited ("Provident") is pursuing him for a loan that was taken out fraudulently in his name.

## **background**

Mr O had taken out previous loans with Provident. When it began chasing him for repayments on a loan that he says he didn't take, he realised that his signature had been forged on the loan documents, and that the address on the loan was one that he'd never lived at.

Mr O was unhappy that his identity had been used to take out a loan fraudulently, and that given he was a previous customer Provident hadn't realised that the address given didn't match his other details.

He said that Provident's ID checking process wasn't good enough, so that this sort of attempted fraud could be noticed as part of its pre-lending checks.

He also said that as a result of the adverse information recorded on his credit file following non-payment of the fraudulent loan, he's been refused credit and has had to borrow at higher rates.

He seeks reimbursement for these losses, as well as compensation for the time, worry, and work involved in trying to prove to Provident that the loan wasn't his.

Our adjudicator looked at this case, and concluded that Provident should pay Mr O something to compensate for what had happened to him. She recommended £100.

Both parties disagreed with this decision. Mr O felt that £100 was nowhere near enough to reflect what he'd been through, and what he'd lost out on, and Provident remained convinced that the loan was taken out by Mr O.

## **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 agree with our adjudicator that Provident should be doing something to put matters right with Mr O.

I say this because it was proved that Mr O wasn't linked to the address on the loan, and had Provident's own ID procedures been more robust this is something that it should have been able to find out itself before the loan was granted.

Also, while the evidence is incomplete, on what we do have I don't think it looks like Mr O took out the loan. He's been able to show that he never lived at the address in question, and I note there are also question marks over the honesty and integrity of Provident's agent who sold the loan.

Having established that Provident has done something wrong that it now needs to correct, the question now is what can it do put things right with Mr O. In this respect, I agree that a compensation payment of £100 is low and doesn't properly take into account all the elements of upset and inconvenience that came about because of Provident's error.

Having said this, evidentially we have a problem in assessing Mr O's financial losses as they're not losses actually sustained by him, but rather opportunities missed. He says that he was declined for borrowing, and that any borrowing he did manage to secure was at a higher interest rate because of his credit file.

I can see why Mr O finds this upsetting, and unfair, and also frustrating that these aren't losses that are very easy to prove. However, it's for precisely this reason that he must also accept that he'll have to compromise on what he's willing to take to resolve this complaint.

Where a person's loss can be accurately quantified, I have to assess what I think a fair compensation figure would be. This fairness has to apply to both parties – the person complaining, and the business complained of.

If I were Mr O, I'd be very unhappy that this had happened to me, and I wouldn't consider £100 to be adequate. However, I'd also accept that my full losses would be very difficult to prove and place a value on.

I think that an increase from £100 to £400 would be a fair way of resolving this case. £400 would take better account of the shock that Mr O got when he realised his signature had been forged on a loan; the stress and worry of the collections activities and the default on his credit file; and the time and effort in putting the record straight. It will also provide some compensation for the opportunities he might have missed in respect of taking out other types of credit.

### **my final decision**

My final decision is that to put things right with Mr O, I now require Provident Personal Credit Limited to pay him compensation of £400.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 27 July 2015.

Ashley L B More  
**ombudsman**