

complaint

Mr C, represented by Mrs C, complains that the loan provided to him by Provident Personal Credit Limited (the business) was unaffordable.

background

Mr C entered into a fixed sum loan agreement with the business for £500 plus £300 interest in April 2016.

Mrs C says that Mr C is a vulnerable adult and that anyone dealing with him would have been aware of this. She says that the document Mr C provided to the agent to prove his address and benefits was eight years old and if an up to date document had been provided this would have shown that Mr C had an appointee.

Mr C told the agent he needed a loan to repay £200 to a family member: Mrs C says the family wouldn't have expected Mr C to take out a loan to repay this. Mr C's loan was for more than £200 and Mrs C says it was unaffordable. She repaid the loan early on Mr C's behalf.

The business' agent says they saw nothing to suggest that Mr C didn't have the capacity to enter into the loan agreement. The agent was aware of his hearing difficulties but says they had telephone conversations with him and did not find this affected his ability to manage his account.

The business carried out an affordability assessment which it says confirmed Mr C could meet the weekly repayments. Mr C signed the agreement confirming he had reviewed the terms and was happy to proceed. The business also says that the local office manager confirmed that Mr C provided sufficient documentation to confirm his income and his address.

The investigator said that Mr C made the majority of his repayments on time and that when payments were missed he paid double the following week. He said the information provided by the business about Mr C's outgoings was broadly in line with what Mrs C had said. The investigator said he would have expected more irregularities in the repayments if the loan was unaffordable.

The investigator did not find that the business should have done more to ensure the loan was affordable and he did not find the decision to lend unreasonable.

Mrs C did not accept the investigator's view. She reiterated that Mr C is a vulnerable adult and that the documentation he provided was not up to date. She said the business said that Mr C would have needed to have at least £50 a week of available income for it to allow the loan and that Mr C did not have this. Mrs C said that although Mr C made regular payments this put him under stress and he borrowed money from family members.

my provisional conclusions

I issued a provisional decision on this complaint. I concluded in summary:

- that it was more likely than not that the agent should have been reasonably aware that Mr C might be vulnerable and taken any necessary steps to address this;
- although there was a concern raised about the identification documents provided by Mr C, there was that it was Mr C who took out the loan;
- the income and expenditure assessment should have raised concerns. The expenditure figure provided was very low and part of the income provided was for a specific purpose and should not have been included in the assessment;
- I found that as Mr C had the benefit of the loan he should be required to repay this. However I found it fair that Mr C was refunded any charges and interest that he paid.

The business responded to my provisional decision. It confirmed its position remained unchanged. It said that it could not decline a loan unless it had a clear basis to conclude the customer lacked capacity to enter into the agreement. It said the comments from its agent suggested Mr C was able to understand the agreement.

my findings

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

I note the business' response to my provisional decision. However, on balance, I find that the evidence provided supports Mrs C's comments about Mr C's capacity. I also find that the information provided in the affordability assessment should have raised concerns. Had further investigation been carried out in regard to the information provided I find this would have raised concerns about the affordability of the loan.

Because of this I uphold this complaint. The loan has been repaid and I find that Mr C should be refunded any interest and charges paid.

my final decision

My final decision is that I uphold this complaint. Provident Personal Credit Limited should refund Mr C any interest and charges he paid on his loan plus 8% simple interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 May 2017.

Jane Archer
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