

## **complaint**

Mr B complains that Provident Personal Credit Limited wrongly lent him money that he couldn't afford to pay back.

## **background**

Mr B says that he had a number of loans with Provident. He says that the loans were given to him even though he was in a debt management plan (DMP) and Provident should have known he was in financial difficulties.

Our adjudicator recommended that the complaint should be upheld. He thought that by the time Mr B took out the last loan Provident should have carried out more checks. He didn't think there was enough evidence to show that Mr B was in a DMP. But he thought that the amounts borrowed in a short period of time suggested that Mr B was in financial difficulties. His view was that Provident should have requested bank statements and if it had done it would not have lent to Mr B. Provident didn't agree and said in summary that it relied on the information that Mr B gave and it would not refuse a loan because it was the second or third in a sequence. It didn't accept that the loans were unaffordable.

I asked to see Mr B's bank statements in support of this complaint and these were also provided to Provident.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I agree with the conclusions of the adjudicator for broadly similar reasons.

I can see from the information provided that Mr B had taken out five earlier loans with Provident that were all repaid. On 13 August 2011 Mr B took out two loans on the same day for £1000 and £600 and then another loan on the 3 September 2011 for £800. This meant that Mr B was paying £84 per week for the loans. I agree with the adjudicator that it would have been reasonable for Provident to have carried out more robust affordability checks including checking Mr B's bank statements to make sure he could afford the repayments for the final loan. Especially since it was taken out so soon after the previous two.

Mr B had changed his borrowing pattern with Provident and I can see from the paperwork that he was using some of the money to pay back his earlier loans. Mr B's bank statements show that he was overdrawn and incurring fees and charges. This should have alerted Provident to the fact that Mr B may have been in financial difficulty. I think that if Provident had looked more closely at whether Mr B could afford to repay the final loan it would not have decided to lend him the money in September 2011. The fact that Mr B struggled to make the repayments after three weeks further demonstrates that the loan was unaffordable at the time it was taken out.

I don't think that Mr B said he was in a DMP and he signed the paperwork to agree the final loan. He was desperate to get the loan and I don't think he explained he was struggling financially. But this doesn't mean that Provident could take Mr B's word for it without carrying out any checks when the lending was out of the ordinary pattern for Mr B and would result in larger weekly repayments.

**fair redress**

For these reasons I uphold this complaint. Provident should pay Mr B fair compensation as follows:

- Repurchase Mr B's accounts.
- Remove all interest and charges associated with the eighth loan (of 10 September 2011).
- Remove all data associated with this loan from Mr B's credit file.
- Work with Mr B to implement an affordable repayment plan for the remaining balance.

**my final decision**

My final decision is that I uphold this complaint. In full and final settlement of it Provident Personal Credit Limited should compensate Mr B in line with the fair redress as outlined above. Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 11 September 2015.

Emma Boothroyd  
**ombudsman**