

complaint

Mr J complains that Provident Personal Credit Limited lent him money irresponsibly.

background

Mr J borrowed £500 from Provident in March 2013. He agreed to pay back £910 at £17.50 a week but struggled with repayments. Mr J thinks Provident would have realised the loan wasn't affordable if it had done proper checks. So, he'd like it to refund interest and charges.

Provident says agents assess a customer's circumstances when they visit and discuss credit needs, product suitability and loan terms. And its customers often have a low credit score and can't get credit from mainstream lenders, but that doesn't mean it's irresponsible to lend. It looked at Mr J's income and expenditure and checked wage slips. He was employed full time earning £300 a week with no dependents - and declared weekly outgoings of £200 including payments to other creditors. So it looked as if Mr J had enough disposable income to meet repayments and there was no reason to think this loan wasn't affordable or do more checks.

Our adjudicator is satisfied that the checks Provident did were reasonable and proportionate for this sort of loan and the size of Mr J's repayments. She not persuaded it should have suspected Mr J might be struggling or thought the loan might be unaffordable. So she doesn't recommend the complaint should be upheld.

Mr J disagrees. He says (in summary)

- Provident didn't check his pay slips - he had only been employed for a month and had none available;
- he was off work at the time due to illness and unfit to make an informed decision and Provident knew that; and
- the checks done weren't appropriate because he was in receipt of benefit income and had a terrible credit score at the time.

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've reached the same conclusions as our adjudicator for much the same reasons.

Provident was obliged to carry out a reasonable and proportionate assessment of whether Mr J was likely to meet his repayments sustainably before lending here. But it wasn't required to carry out a credit search or do any one check in particular.

Mr J agreed to repay about £17.50 a week for 52 weeks. I've seen the loan application he completed at the time. I'm satisfied Provident asked about income and expenditure. Mr J said he was employed full time (and had been for three years) and declared income and outgoings which suggested he had about £100 a week to spare. So I can see why Provident thought this loan looked affordable.

Mr J accepts he provided inaccurate information. He says that's because he was ill at the time and Provident knew that - he was receiving sickness related benefits - so it was wrong to lend.

The fact that a customer's getting benefits doesn't necessarily mean a loan's unaffordable. I've seen no evidence to suggest that Provident should have realised Mr J was unwell. And, given the nature of his illness, I'm not persuaded that Provident should reasonably have considered Mr J's ability to apply for or afford this loan might be affected anyway - even if the agent knew he was sick.

There are times when a customer says they can afford finance and it's reasonable for a lender to ask more questions or do further checks. But, having considered all of the circumstances here, I'm not persuaded Provident had reason to think more checks were needed. And I note this loan allowed Mr J to withdraw within 14 days if he wanted to – so I'm satisfied it was open to him to contact Provident about that, if he had second thoughts.

For the reasons I've explained, I am not satisfied Provident acted irresponsibly when it provided this loan. So I am not going to require it to make a refund or do anything further. I realise my decision is likely to disappoint Mr J, but he doesn't have to accept it - in which case he remains free to pursue the matter by any other means that may be available.

my final decision

My decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 January 2017.

Claire Jackson
ombudsman