

complaint

Mr E complains that loans he received from Provident Personal Credit Limited (Provident) weren't affordable.

background

Mr E took out two loans in 2013. He later complained to Provident that they hadn't been affordable.

Provident said that the income and expenditure forms completed by Mr E show that he could afford the loans. He was employed at the time and after deducting his weekly expenditure, he could meet the loan payments and have money remaining. They also said there was a history of loan payments being paid on time.

Mr E complained to our service and an investigator looked into the complaint. He didn't uphold the complaint and said that based on the information completed by Mr E, he could afford to repay both loans. He noted that Mr E says he completed the second income and expenditure questionnaire incorrectly by declaring a higher income that he had, but didn't think it was something the business needed to question.

Mr E didn't accept the investigators view, so it's been passed to me to issue a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on the information I've seen from both the business and Mr E, I won't be upholding the complaint for largely the same reasons as the investigator.

When lending money to a consumer a lender should take proportionate steps to ensure a consumer will be able to repay what they're borrowing in a sustainable manner without it adversely impacting on their financial situation. A lender should gather enough information so that it can make an informed decision on the lending.

The guidance and rules don't set out compulsory checks but they do list a number of things a lender might wish to take into account before agreeing to lend. But any checks need to be proportionate and should take into account a number of things, including things such as how much is being lent.

Mr E borrowed two relatively small amounts of £300 and £500, with weekly repayments of £10.50 and £15 a week.

Provident has provided information which suggests it asked Mr E for his income before giving him both loans.

Mr E completed income and expenditure forms and declared a disposable income of £63 and £250 a week. Based on this information and the fact the agent used this to assess the affordability of the loans, I think it was reasonable that Provident felt Mr E could afford to repay the two amounts.

I understand Mr E has said he declared the wrong amount when completing the income figure for his second loan. These forms needed to be completed to the best of Mr E's knowledge and he signed against this. Based on the information I've seen, I also don't think Mr E has declared a wage that would look out of place as an income. And I don't think there would have been cause for concern or a need for the agent to check this figure further.

It's also worth noting that had Mr E completed the second application form with the same income as loan one, he still would've met the affordability criteria.

So overall I think Provident's checks before giving Mr E the two loans were proportionate. And I don't think it was wrong to lend to Mr E.

my final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 18 September 2017.

Tom Wagstaff
ombudsman