

complaint

Mrs B complains that Provident Personal Credit Limited provided her with a number of loans without checking her income and expenditure. She says this caused financial difficulty.

background

Mrs B first took out a loan with Provident in March 2008. She then took out a further eleven loans with the last one being taken out in July 2011. She says that once she was a customer she received offers of further loans via text and that existing loans were rolled over. Mrs B says she didn't complete income and expenditure checks with the agent and that she did not receive any paperwork.

Mrs B says that although she made her repayments these caused her to struggle to pay other bills.

Provident says that its agent followed the procedures in place at the time. It says that it does not have copies of affordability checks for the loans, aside from the final one from July 2011. It says Mrs B had a good repayment history and that the income and expenditure information for the final loan shows this was affordable.

Provident says that Mrs B made it aware of her financial difficulties after it had provided the final loan in July 2011. It then set up a reduced payment plan. It says that once it was aware of Mrs B's financial situation no further loans were made.

The adjudicator said that Mrs B's loan agreements provided full details of the loans. She said that information gathered when providing the final loan in July 2011 showed Mrs B's weekly disposable income as sufficient to cover the repayments. She said that Mrs B's repayment history showed she had a good record of managing her loans.

The adjudicator said that when Mrs B told Provident about her financial difficulties towards end of July 2011, it assisted her B by reducing her weekly payments.

Mrs B said that although she did make repayments, these were made by accessing cash on credit cards and not paying other bills. She said that Provident did not carry out affordability checks on her loans and that the loans caused her financial difficulties.

my findings

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

We expect the checks carried out to be proportionate to the lending. In this case, Provident says it carries out basic checks on a customer before it provides its first loan. It says that Mrs B was in part time employment. It did not carry out a check of her credit file and there was not requirement for it to do so. Given the size of this initial loan, I do not find that the checks carried out were unreasonable.

While I find it reasonable that Provident used Mrs B's repayment history in its decision as to whether or not to provide further loans, I do find that given the number of loans she took out and the increasing size of the loans, Provident could have carried out further checks.

Had further checks been carried out, these could have included considering Mrs B's credit file. I have only been able to look at a recent credit file and so I can only base my comments on the information contained in that report that was relevant to the time of borrowing.

The report shows that Mrs B was able to make her repayments to Provident. It shows defaults recorded in 2010 and 2011. However, as many of the loans were taken out before then I cannot say that the information in the credit file would have meant those loans were considered unaffordable. Loans were taken out after a default was recorded but I still do not find that this was sufficient to say that by checking the credit file the loans would have been considered unaffordable.

I have looked at Mrs B's bank statements for her joint account and I can see that during 2009 payments were returned and that while she was receiving loans from Provident the account went into debit on a few occasions. However, the account was generally in credit.

On balance, while I accept that other checks could have been carried out, not carrying out the further checks does not necessarily mean that the loans granted were not affordable. Mrs B was able to meet her repayments and the affordability check that was carried out on her last loan showed this was affordable. I also note that the agreements clearly set out the relevant information about repayments and Mrs B agreed to these terms.

On balance I do not find I have enough evidence to say that the loans provided by Provident to Mrs B were unaffordable.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 15 March 2016.

Jane Archer
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