

The complaint

Miss W says Provident Personal Credit Limited (trading as Satsuma) lent to her irresponsibly. She's also unhappy about a number of customer service issues that arose when she tried to change the date of her repayments.

What happened

Miss W had two loans with Satsuma, both for £150, commencing on 21 and 26 April 2019.

Shortly after the loans started Miss W asked to change the repayment date. A number of issues then arose; payments were taken on incorrect dates, incorrect arrears reminders were sent and Miss W was not kept informed about the consequences of making payments monthly rather than the weekly schedule initially agreed.

Satsuma accepted the service failings and reduced Miss W's loan balance by £30 to reflect these. It didn't think it had lent irresponsibly so didn't uphold this aspect of Miss W's complaint.

An adjudicator considered the complaint and recommended that Satsuma should pay the compensation it had offered directly to Miss W, rather than using it to reduce her loan balance. He didn't think the complaint about Satsuma's decision to lend should be upheld.

Miss W didn't agree - she thought Satsuma should pay her further compensation and that it should've seen from her credit history that she was in financial difficulty. As no agreement was reached, the complaint was passed to me to decide.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. We've set out our general approach to complaints about short-term lending on our website and I've taken this into account in deciding Miss W's case.

The customer service complaint

There's no dispute Satsuma made a number of errors when dealing with Miss W's request to change the repayment date for her loans. It accepted those failures in its final response letter and automatically applied some compensation to one of Miss W's loan accounts.

I understand it's Satsuma's process to apply compensation to loan accounts. But I don't think it was fair to do so in Miss W's case. Her repayments were essentially up to date at the time it made its errors, so I don't think it was fair to adjust the balance of her loans. I think the

compensation should've been paid to Miss W directly. I'm therefore going to tell Satsuma to pay £30 directly to Miss W.

Our adjudicator noted that Satsuma may think this means it should reverse the £30 payment it made to Miss W's account. I hope that upon reflection, given the number of errors it made, Satsuma sees this may be a somewhat mean-spirited course of action. £60 total compensation would be in line with the sort of award this service makes for causing this level of trouble and upset.

The irresponsible lending complaint

Satsuma lent to Miss W twice, just a few days apart. I believe Miss W also had some Provident home credit loans before she took out the Satsuma loans. The loans were repayable weekly at £9.95 and £6.35 per week (the repayment amounts are different as the loans had different terms). Satsuma has said Miss W reported monthly income of £1,700 and monthly expenditure of £800 when she applied for her loans. It made some adjustments to the expenditure figures provided, increasing them as part of its affordability assessment.

I think Satsuma acted fairly when it decided to lend to Miss W. The amounts lent and the weekly repayments were modest when compared to the information Miss W provided about her income and expenditure. In this context, even though the loans were taken only a few days apart, I wouldn't have expected Satsuma to suspect the repayments were not affordable for Miss W. It may have seen Miss W was in greater financial difficulty than it realised had it taken a deeper look into her financial situation. But I think that would not have been proportionate for the two loans Miss W requested.

Putting things right

Satsuma should pay £30 directly to Miss W in recognition of its customer service failings.

My final decision

I uphold this complaint against Provident Personal Credit Limited. It must pay the compensation set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 11 December 2019.

Matthew Bradford
Ombudsman