

## The complaint

Mr K complains that Provident Personal Credit Limited, trading as Satsuma Loans, lent to him irresponsibly.

## What happened

Mr K applied for and was approved for one loan in March 2019. It was for £300, repayable over six months at about £94 a month. Mr K had informed Satsuma that his monthly net income was £1,200 and his outgoings were '*costs £100*', '*other expenditure £100*', '*financial commitments £0*'.

Satsuma has explained that it added in additional expenditure figures to '*reflect information gathered from the Credit Bureau and based on internal models*'. So Satsuma calculated that Mr K would have had the likely 'disposable income' of just over £460 a month. It's view was that £94 a month was affordable. It had information which, amongst other items, showed that Mr K had taken two other payday loans in the previous three months. Overall it must have decided that it was satisfied to lend to Mr K and the loan was approved.

One of our adjudicators looked at the complaint and thought that Satsuma did not need to put things right for Mr K. He disagreed and the complaint was passed to me for a decision.

## What I've decided – and why

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered.

Before lending money to a consumer a lender should take proportionate steps to understand whether the consumer will be able to repay what they are borrowing in a sustainable manner without it adversely impacting on their financial situation.

A lender should gather enough information for it to be able to make an informed decision on the lending. Although the guidance and rules themselves did not set out compulsory checks, they did list a number of things a lender could take into account before agreeing to lend. The key element was that any checks needed to be proportionate and had to take into account a number of different things, including how much was being lent and when the sum being borrowed was due to be repaid.

Mr K has sent a lot of information about his credit history, the loans he has taken and the loans that he demonstrates were 'active' at the time that he applied for this Satsuma loan on 8 March 2019. Mr K has sent to us his research on other adjudicator views and ombudsman decisions. Some of these are for different products and not relevant and others are for multiple loans, not single loans. And whilst I appreciate the time that Mr K has taken and the welcome engagement with his own complaint, I look at all complaints individually and on their own merits.

Having considered all the information I have been given by both parties I am satisfied that the checks I would have expected Satsuma to have carried out were done. These were proportionate bearing in mind the amount of the monthly repayments (£94) and that this was the first application to Satsuma. I do not uphold Mr K's complaint.

**My final decision**

My final decision is that I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 March 2020.

Rachael Williams  
**Ombudsman**