

## **The complaint**

Ms B says Provident Personal Credit Limited (trading as Satsuma) lent to her irresponsibly.

## **What happened**

Ms B took out a £1,000 loan with Satsuma in May 2015. It was repayable over 11 months at about £158 a month.

An adjudicator considered Ms B's complaint but didn't think it should be upheld. Ms B asked that an ombudsman review the outcome - so 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 - including all of the relevant rules, guidance and good industry practice - on our website.

Satsuma needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Ms B could repay the loans in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

I can see that before lending Satsuma asked Ms B for some information about her income and expenditure. Ms B said her net monthly income was £2,000 and her total outgoings £640. Satsuma made some significant revisions to these declared outgoings - increasing them to almost £1,600, based on a mix of credit bureau data and internal safeguards and buffers. This, by Satsuma's estimate, left Ms B with around £400 with which she could make the monthly repayments of £158.

I think the approach Satsuma took to assessing the affordability of this loan was reasonable and proportionate and it fairly decided that this loan was likely to be affordable for Ms B. I know Ms B has pointed to adverse information on her credit file, but I've not seen that Satsuma was aware from its own credit search of information which would've suggested this loan was likely to be unaffordable. I'm not therefore upholding Ms B's complaint about this loan.

I appreciate this will come as a disappointment to Ms B and I was sorry to read about the difficult circumstances she described on her complaint form. I remind Satsuma that it has a duty to treat Ms B positively and sympathetically if she is still in financial difficulty.

## **My final decision**

For the reasons given above, I do not uphold Ms B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 16 June 2020.

Matthew Bradford  
**Ombudsman**