

The complaint

Miss D says Provident Personal Credit Limited (trading as Satsuma) lent to her irresponsibly.

What happened

Miss D took out a £750 12-month instalment loan with Satsuma in October 2017. The repayments were £124.50 per month.

An adjudicator considered Miss D's complaint but didn't think it should be upheld. Miss D disagreed and so her 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 Miss D could repay the loan 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.

Before lending to Miss D Satsuma asked her for some information about her income and outgoings. Miss D said her monthly income was £1,975 and that her monthly outgoings included £550 for mortgage/rent, £80 for other credit commitments and £515 in the 'other' category. Satsuma applied what it calls 'safeguards' to those figures and made some significant adjustments to the £80 Miss D had declared for credit commitments - presumably as a result of its credit search. Satsuma's credit search suggested the worst piece of information on Miss D's credit file was that there was one payment in arrears.

I think the checks Satsuma carried out were proportionate and that it reasonably decided the loan was likely to be sustainably affordable for Miss D. I wouldn't have expected Satsuma to obtain copies of Miss D's bank statements, as she has suggested, for this loan. I don't think Satsuma's credit checks suggested Miss D was in any significant financial difficulty. Asking for bank statements would have been disproportionate.

For these reasons, I do not uphold Miss D's complaint.

My final decision

I do not uphold this complaint against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 30 June 2020.

Matthew Bradford
Ombudsman