

## **The complaint**

Mr P says Provident Personal Credit Limited (trading as Satsuma) lent to him irresponsibly.

## **What happened**

Mr P took out a loan with Satsuma in August 2018. The loan was for £400 and was repayable in six monthly instalments.

An adjudicator considered Mr P's complaint and didn't think it should be upheld. Mr P didn't agree, so his 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 Mr P could repay this 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.

I can see that before lending to Mr P, Satsuma asked him some questions about his income and expenditure. Mr P declared an income of £2,232 per month and total monthly expenditure of £720 – this was comprised of £250 for housing, £150 for financial commitments and £320 for 'other' expenditure. Satsuma applied what it calls 'buffers' or 'safeguards' to these figures, which increased Mr P's expenditure to £1,151.88 per month.

Satsuma also carried out a credit check. This report showed that Mr P had no active accounts in arrears and had taken three payday loans in the last three months.

I think Satsuma's checks were proportionate and that it acted reasonably by lending to Mr P. I understand why Mr P feels Satsuma should have done more, but for this one, relatively small loan, I don't think it would've been proportionate for Satsuma to take a wider, or more detailed look at his financial circumstances.

For these reasons, I'm not upholding Mr P'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 Mr P to accept or reject my decision before 31 July 2020.

Matthew Bradford  
**Ombudsman**