

The complaint

Mrs V complains that Provident Personal Credit Limited, trading as Satsuma, lent to her irresponsibly.

What happened

Satsuma lent to Mrs V eight times and these sums ranged from £300 to £1,600 between June 2017 and June 2019. The last loan was approved after Mrs V had complained to it about the irresponsible lending in May 2019. That last loan has an outstanding balance.

One of our adjudicators thought that Loans 4 to 8 should not have been lent to Mrs V and asked Satsuma to put things right for her. Satsuma has agreed with our adjudicator, and sent some calculations for the amount to repay to Mrs V.

Mrs V seems to have been content with our adjudicator's view, but she is not satisfied with the calculations from Satsuma to settle this complaint. She says that Satsuma's first investigation had different numbers on it and so now she wants clarity.

The complaint has been passed to me for a decision.

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.

I do not need to look at the irresponsible lending part of the complaint as Satsuma has conceded on five of them and Mrs V seems not to dispute the first three. So the five agreed need to be put right.

I have decided that the easiest way to explain the redress calculations for Mrs V is to do a Loan Table and explain parts of it. And I understand why Mrs V has been confused. Satsuma only referred to five loans in its final response letter to her last year. That seems quite wrong. But our adjudicator looked at all eight of the loans Mrs V took. So I have done a table of the eight loans which I hope will make things easier to understand.

As well as giving each loan a number, I have included the last four digits of the Loan Agreement number for additional clarity.

Some were paid back so early by Mrs V that technically they were treated as having been 'withdrawn' or 'cancelled'. And the interest Mrs V paid was very small. I have noted that on the Loan Table here.

Loan	Date Issued	Loan amount	Interest applied	Status of loan	Interest to be refunded **
1 (*1556)	18-Jun-17	£500.00	£448.00	Completed 13-Jul-17	
2 (*2072)	12-Oct-17	£1,000.00	£992.00	Completed 02-Nov-17	
3 (*5466)	27-Nov-17	£1,600.00	£1,587.20	Completed 05-Feb-18	
4 (*8619)	10-May-18	£500	£496 Withdrawal interest paid £6.55	Cancelled 15-May-18	£6.55
cancelled					
5 (*9110)	01-Oct-18	£1,000.00	£992.00	Completed 17-Nov-18	£263.82
6 (*8192)	10-Feb-19	£400	£396 Withdrawal interest paid £10.40	Cancelled 20-Feb-19	£10.40
cancelled					
7 (*4635)	17-Apr-19	£300	£297 Withdrawal interest paid £5.60	Cancelled 24-Apr-19	£5.60
cancelled					
<i>Complained to Satsuma 8 May 2019</i>					
8 (*3404)	02-Jun-19	£650.00	£644.80	Active	

** These interest figures are the amounts paid by Mrs V. For the redress sums to be paid back to her, Satsuma will calculate that amount plus 8% simple interest each year from the

date of original payment by Mrs V to the date of settlement. Satsuma then has to take off 20% tax and Mrs V will get the balance.

For Loan 8 – Mrs V borrowed and received £650 as the principal sum. This has not been repaid and as Mrs V has had the benefit of that amount, its only fair that she repays it. So for Loan 8 the *intended* interest of £644.80 will be removed, and will not have to be repaid. But as Mrs V has paid very little towards this loan so far then her compensation (once calculated) for loans 4 to 7 can be put to reduce the original capital sum of £650.

What that means is that Satsuma has a right to set off the amount it owes Mrs V from the amount she owes to Satsuma. So Mrs V won't receive any money, but she will owe less to Satsuma going forward.

I hope that this table and my explanations make it clearer for Mrs V. And I can see that Satsuma has got it right about what it has to calculate to put things right for Mrs V.

Putting things right

Satsuma must:

- refund any interest and charges already paid by Mrs V for Loans 4 to 8;
- apply 8% simple interest per year to any interest and charges refunded from the date they were paid to the date of settlement*;
- remove any adverse payment information about the loans and credit account from Mrs V's credit file.

Mrs V still owes Satsuma some of the principal balance on Loan 4, so for that loan, instead of the above, it should remove all the interest and charges applied to the outstanding balance, then re-work the account as if all payments made by Mrs V went to towards the principal.

If after doing this Mrs V hasn't repaid the principal she borrowed Satsuma can deduct this from the remainder of the compensation. If, Mrs V has already paid enough to repay the principal then any overpayment should be refunded to her with 8% simple* interest from the date of payment to the date of settlement.

And if Satsuma no longer owns this debt, and it wants to make a deduction due to the amount owed, then it should buy it back. If it doesn't then it isn't entitled to make any deductions for it from the amount it needs to pay Mrs V.

*HM Revenue & Customs requires Satsuma to take off tax from this interest and it must give Mrs V a certificate showing how much tax it's taken off if she asks for one.

My final decision

My final decision is that the offer to settle this complaint is in line with our adjudicator's view, that it is fair and Provident Personal Credit Limited should do as I have directed above. The calculations were up to 21 April 2020 and so will have to be redone up to the date that Mrs V accepts this final decision - assuming that she does.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 6 July 2020.

Rachael Williams
Ombudsman