

## The complaint

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

## What happened

Miss O had three loans with Satsuma, some details of which I have set out below.

Loan	Date Taken	Date Repaid	Amount
1	17/02/2018	25/05/2018	£100
2	12/04/2018	09/03/2019	£500
3	17/06/2018	11/12/2019	£1,000

An adjudicator considered Miss O's complaint but didn't think it should be upheld. Miss O didn't agree, 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 O 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.

Before lending to Miss O, Satsuma asked her to provide some information about her income and expenditure. For loan 1 Satsuma's records show a monthly income of £679 and for loans 2 and 3 Satsuma used an income of about £1,300. I can see Satsuma sought further verification of Miss O's income at the time of loan 2 and it has shown us it received a payslip and evidence of benefits payments. Miss O's declared expenditure was £150 for loan 1 and £300 for loans 2 and 3. Miss O didn't declare that she had any other financial commitments when applying for any of the loans but Satsuma adjusted for this by adding 'buffers' and 'safeguards'. Satsuma added £235 for financial commitments for loan 1 and £334 and £560 for loans 2 and 3. Satsuma used all of this information to estimate Miss O's disposable income and decided the loans it approved were affordable for her.

I think Satsuma's checks were proportionate for the first loan but not for loans 2 and 3. Satsuma would've known that Miss O had also taken out other loans with its sister home credit company, including a loan for £1,000 in February 2018. The cumulative repayments of

the payday and home credit loans were significant when compared to Miss O's income. So I think Satsuma ought to have taken a closer look at Miss O's credit commitments and living costs - including asking Miss O for further information about these things.

Having said this, I don't have enough information from Miss O to conclude that more detailed checks would've suggested loans 2 and 3 were unaffordable. I've not seen any evidence of Miss O's typical monthly expenditure and only limited evidence of her broader financial circumstances. And the pattern of borrowing in itself doesn't suggest the loans were likely to be inherently unaffordable.

So while I realise this will be disappointing for Miss O, I'm not able to uphold her complaint.

### **My final decision**

For the reasons given above, I do not uphold Miss O's complaint against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 4 August 2020.

Matthew Bradford  
**Ombudsman**