

## The complaint

Mr P has complained about a loan he took out through a company called Provident Personal Credit Limited, trading at the time as “Satsuma”. Mr P says he was lent to irresponsibly and the loan caused him wider financial problems.

To keep things simple, I’ll refer mainly to Satsuma throughout this decision.

## Background

We now know that Mr P took out 1 loan from Satsuma:

Loan	Taken Out	Repaid	Amount	Instalments	Highest Monthly Repayment
1	31/12/2016	Outstanding	£1,000	12	£166

One of our adjudicators looked into the complaint and said they didn’t think it should be upheld. I’ve been asked to make an ombudsman’s final 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.

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. I’ve followed this approach when thinking about Mr P’s complaint.

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 that Mr P could repay the loans he was given in a sustainable manner. These checks ought to have taken into account a range of different factors, such as the amounts being lent, the total 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. However, certain factors might point to the fact that Satsuma should have fairly and reasonably done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a customer’s income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income)
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated

refinancing may signal that the borrowing had become, or was becoming, unsustainable).

Satsuma told us it carried out certain affordability and credit checks before agreeing to lend to Mr P and it took account of what he himself said his income and expenditure was. Bearing in mind what I've said above, about the length of the lending relationship, I think the checks which Satsuma most likely carried out would have been quite basic ones. However, I also think these would have been proportionate to the single loan in question. I think these levels of checks, together with the income and expenditure details provided by Mr P, would have made the loan appear affordable.

Looking at Mr P's declared monthly income, for example, which was £3,200, I think it's fair to say this was relatively good by most standards and the 12 instalments seem to me to be well within his capacity to repay.

Having considered everything that we've been sent, I don't have any evidence to suggest Satsuma would or should have thought lending was wrong. Clearly, if there had been a longer relationship with the lending then I would be able to take other factors into account. In short, I think the checks carried out in this case were proportionate and I'm afraid there simply isn't enough evidence to uphold this complaint.

### **My final decision**

For the reasons set out above, I don't uphold this complaint. And I don't direct Provident Personal Credit Limited to pay Mr P any compensation.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr P to accept or reject my decision before 13 August 2020.

Michael Campbell  
**Ombudsman**