

## The complaint

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

## What happened

Mr N had two loans with Satsuma which I have briefly summarised below.

| Loan no. | Start date | End date   | No. instalments | Loan amount | Monthly repayment |
|----------|------------|------------|-----------------|-------------|-------------------|
| 1        | 23/08/2018 | 01/03/2019 | 6               | £100        | £31.60            |
| 2        | 14/09/2019 | 31/10/2019 | 3               | £150        | £73.80            |

An adjudicator considered Mr N's complaint but didn't think the loans had been provided irresponsibly. Mr N asked that his complaint be reviewed by an ombudsman, so it 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 N 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.

I've looked at the checks Satsuma carried out before lending to Mr N. For both loans Satsuma asked him to provide some information about his income and expenditure. Satsuma also carried out credit checks. For both loans Mr N said his monthly income was £1,700. For loan 1 Mr N said his monthly expenditure was £350 and for loan 2 he said it was £376. Satsuma slightly increased these expenditure figures by adding what it calls 'buffers' and 'safeguards' as part of its affordability assessment.

I've also considered Satsuma's credit checks, which contained no adverse information at the time of loan 1 and only some minor adverse information at the time of loan 2.

Based on what I've seen I think Satsuma's checks were proportionate and its decision to lend was reasonable.

I've taken into account that Mr N says he also had a credit card bill to pay – but given how

much disposable income he indicated he had, I don't think this means the loans were unaffordable, or would've appeared unaffordable to Satsuma. Although Mr N may have had a £1,000 credit limit on his credit card, I do not think he would've been required to clear his whole balance every month – and if he was, this wasn't what he declared on his application to Satsuma.

For these reasons, I do not uphold Mr N'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 N to accept or reject my decision before 13 August 2020.

Matthew Bradford  
**Ombudsman**