

The complaint

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

What happened

Mr D had three instalment loans from Satsuma in 2019: a £500 loan in April, a £1,400 loan in May and a £100 loan in November.

An adjudicator considered Mr D's complaint but didn't think it should be upheld. Mr D didn't accept the adjudicator's view, 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 D 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 considered the information Mr D provided to Satsuma before it lent to him. For each of the three loans Mr D told Satsuma his monthly net income was approximately £3,300. Mr S also provided some information about his expenditure – which included that he had housing costs of £242 per month, financial commitments of £500 per month and 'other' expenditure of £600 per month. I accept the expenditure information requested by Satsuma seems far from comprehensive, but the information Mr D provided suggested he had monthly disposable income in the region of £2,000.

Satsuma made some minor adjustments to the expenditure information Mr D provided for the April and May loans (adding a bit over £100) and a more significant adjustment for the November loan, adding around £750 to the 'financial commitments' figure provided. Even having made this significant adjustment, Satsuma still estimated Mr D's disposable income to be over £1,200 per month.

I think Satsuma acted reasonably by both taking into account the information provided by Mr D and also making adjustments to that information. The information he provided suggested the monthly repayments for the loans were affordable and even with significant adjustments this remained the case. I appreciate that Mr D took out the first two loans in relatively quick succession but I don't think this, on its own, means Satsuma was wrong to have provided them.

I realise this will be disappointing for Mr D but for the reasons given above I am not upholding his complaint.

My final decision

I do not uphold Mr D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 7 October 2020.

Matthew Bradford
Ombudsman