

The complaint

Mr P's complaint is the amount of interest he was charged for an early settlement on his loan was unfair. Mr P thinks Provident Personal Credit Limited – trading as Satsuma – shouldn't be allowed to charge such high amounts.

What happened

Mr P took out a loan with Satsuma in November 2019. It was for £1,000 which was due to be repaid over six monthly instalments of £316. Satsuma provided Mr P with an early settlement figure of £1014.98 in February 2020. Mr P raised a complaint with Satsuma about the amount of interest he was having to pay.

In its final response Satsuma explained how it applied interest to its loans and how it calculated the amount due for the early repayment. Mr P wasn't happy with Satsuma's explanation, so he brought his complaint to this service.

One of our adjudicators reviewed Mr P's complaint. They thought Satsuma's calculations were correct, so they didn't ask Satsuma to do any more than it already had done. Mr P disagreed. As the complaint couldn't be resolved informally it has been passed to me to issue a 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.

When this service investigates a complaint, we look to see if a business has made an error and if it has done, we ask the business to put the consumer back in the position it should have been had that error not occurred.

We cannot, however, comment on a commercial decision by a business in how it operates – and I think this applies here. Looking at everything Mr P has told us, and Satsuma, the crux of his complaint is that he's unhappy with how much interest Satsuma charges and how it calculates and applies that interest to its loans. But that is a commercial decision, so I can't comment on how Satsuma has done this.

But, I can make sure Satsuma has made Mr P aware of how much interest would be charged, along with how it applied interest to the loan and would calculate early repayments. I have looked at the copy of the credit agreement Mr P was provided with, and I can see the agreement states how much interest will be charged. The agreement also explains how interest is applied to the borrowing and what would happen if an early settlement is asked for. So, Mr P was made aware of all of this before he agreed to take out the loan.

Overall, I can't say that Satsuma has made an error in this matter and as such I don't uphold this complaint. I appreciate Mr P will be disappointed by my decision – he's put time and effort into his complaint. But I hope I have been able to explain how and why I reached it.

My final decision

For the reasons explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 February 2021.

Claire Marchant-Williams
Ombudsman