

The complaint

Mr R complains that Provident Personal Credit Limit, trading as Satsuma Loans, ("SL"), has unfairly recorded a default on his credit file. He wants the default removed.

What happened

Mr R took out a loan for £700 with SL on 15 August 2019. The loan was repayable by six monthly instalments of £221.20 starting on 1 October 2019. Mr R didn't make his first two repayments on the due dates. After several promises to pay, he made payments in November 2019 and December 2019, after which he set up a repayment plan with SL. Mr R said that he thought this was set up in a call and that the payments were to be made by direct debit. But he'd since discovered that the call wasn't logged on SL's system and the direct debit hadn't been set up.

Mr R said that SL had made no effort to contact him at all since December 2019 about the fact that no payments were being made. At the end of April 2020, Mr R learnt that a default had been applied on his credit file. As soon as he discovered this, he said that he'd contacted SL and offered to make a payment. He had then made further repayments so that the loan was repaid on 30 July 2020. Mr R said that the default shouldn't have been listed as SL didn't maintain any contact with him when it could have done so. He would like the default removed from his credit file.

In its final response letter SL said it could see that as Mr R had missed payments from December 2019 to May 2020, it had contacted him several times via SMS, email and telephone calls. SL noted that Mr R's Continuous Payment Authority ("CPA") had been cancelled in November 2019 after two declined payments in October and November 2019. As the CPA was never reinstated by Mr R, he had to make manual payments which SL did not receive despite its attempts at contact. SL said that a default notice was sent to Mr R on 30 March 2020 and then the account was defaulted on 27 April 2020. SL was satisfied the default had been applied correctly.

The adjudicator didn't recommend that the complaint should be upheld. He said that having looked at all the information available, he could see that in late 2019 Mr R had written communications with SL in which it asked Mr R several times how he wished to make his repayments, and whether the payments were affordable to him. The adjudicator noted that Mr R was also advised by SL that failure to make payments would result in his account going into arrears. The adjudicator said that payments were not made when agreed, but that Mr R had a duty to ensure his payments were successfully paid to SL. Based on what he had seen he was unable to safely say that SL had acted unfairly as it had been accommodating to his needs and gave him options about making his repayments.

Mr R disagreed. He said that SL's communications were made through lots of mediums. There were calls, texts and emails all happening concurrently. He was certain there was a call around the same time as the text messages in which he opted to pay by direct debit, but SL had no record of this call. Mr R noted that SL had said that it had been contacting him to tell him about his failure to repay the loan. As soon as Mr R discovered the mistake, he made a payment that very day. It wasn't that he didn't want to pay but that SL

hadn't contacted him at all. If SL had contacted him in 2020, he would've set up the direct debit that he already thought was in place. Mr R doesn't think that it is fair for the default to be on his credit file.

As this complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to resolve.

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.

Where information is incomplete, unclear or contradictory - as some of it is here - I reach my conclusions on the balance of probabilities. That is, what I think is most likely to have happened in light of the available evidence and the wider surrounding circumstances.

I have read through SL's detailed contact notes which contain information from calls and the content of texts and emails between the parties. This has given me an understanding of Mr R's loan repayment history and I think it is helpful to summarise this.

I can see that SL contacted Mr R by text as soon as he missed his first repayment in early October 2019. Mr R promised to pay £442.40 on 1 November 2019 by debit card but didn't do so. Mr R then said on 4 November 2019 that he would pay £221 but he didn't do so. He paid £100 on 8 November 2019 and then said in mid-November 2019 he would repay four monthly repayments of £300. On 21 November 2019 Mr R said by text he would make two payments of £200 and clear the balance in January 2020. I can see that SL's text then said that it would extend the loan term so that Mr R could pay five monthly payments of £221.20 and a sixth payment of £121.20. Mr R agreed to this and he said by text that he would make the payments online. On 3 December 2019, Mr R made two payments totalling £222 and SL asked him by text if he was happy to make manual payments going forward. But there didn't appear to be a response to this.

The next entry in the contact notes was on 27 March 2020 which noted that Mr R's payment arrangement had been removed due to non-payment. I can then see that Mr R had sent SL an email on 30 April 2020 to say that he had just realised that there was no direct debit on his loan, and he wanted to make a payment. There are then notes on 6 May 2020 to say that Mr R had thought there had been a phone conversation with SL after 3 December 2019. It is noted that SL had told Mr R that a default notice had been sent to the address it had on file for him, but he said that he had moved from that address. Mr R made a payment of £300 on that day and agreed to make further payments by standing order.

SL then asked Mr R about his income and expenses and agreed monthly repayments of £150. I note that these were made at the end of May and June 2020 and the balance of the loan was paid on 30 July 2020.

I note that Mr R believes that he set up a direct debit with SL in a phone call after 3 December 2019. As SL had no record of this, I asked Mr R to provide evidence of the call with SL on his phone records. Mr R said that the call was made by SL and his phone company wasn't able to provide itemised records of incoming calls.

I think it's likely that Mr R intended to set up a direct debit. I've seen his bank statements from around the time and note that he paid several of his bills by direct debit, although not all of them. But I haven't seen any evidence that a call had taken place in which a direct debit was set up. So, on balance, I can't safely say that Mr R actually arranged a direct debit with SL, even if he thought he had.

SL said that it had sent a default notice to Mr R on 30 March 2020. Mr R said he didn't receive the default notice as he'd moved away from the address where he'd previously been living. He said that he wouldn't have been able to give SL his new address as he'd moved into a new property and the Royal Mail hadn't registered his new address. However, this isn't something I can hold SL responsible for. It was ultimately the responsibility of Mr R to keep SL informed of changes to his address and contact details. Based on all the information before me, I can't be satisfied Mr R met those responsibilities and made SL aware of his correct contact details before 30 March 2020.

I note that Mr R said that he'd left the address he'd given SL in July 2019, eight months before the default notice was sent to him. I can see that he'd been in contact with SL many times in that period and so Mr R had the opportunity to give it his new contact details or an alternative contact address if he wasn't able to receive correspondence at his new address. So, I can't say that SL made an error in sending the default notice to Mr R's previous address if it wasn't aware that this wasn't his current address.

I know Mr R feels strongly that SL should have contacted him about the arrears. I can see the text messages sent between Mr R and SL in November 2019 to arrange a repayment plan and note that Mr R had subsequently made some repayments on the plan. So, I'm satisfied Mr R would have been aware what he needed to do. And I don't think it's reasonable for Mr R to hold SL responsible for his failure to pay because it hadn't contacted him. As I've said above, SL had correctly sent a default notice to the address last notified to it by Mr R.

I do appreciate Mr R's strength of feeling and I understand that he's concerned about having a default on his credit file. But, on balance, I don't think that SL acted wrongly or unfairly in the actions it took. I can see it gave Mr R many general warnings about what might happen if he missed payments and it appears it sent Mr R a default notice after he'd missed several repayments. I can also see that SL acted appropriately in giving Mr R additional time to make the payments required.

So overall, I don't think SL should be required to make any amendments to Mr R's credit file when this reflects how he managed his account. SL has a responsibility to report accurate and up-to-date information to credit reference agencies, and I think that's what it has done here.

So, I'm not upholding this complaint. I accept that Mr R will be disappointed at my final decision. It remains open to him to seek to record a notice of correction on his credit file. This allows him to explain the circumstances of the default. And that information would then be available to anyone reviewing Mr R's credit file and considering his creditworthiness.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 8 January 2021.

Roslyn Rawson
Ombudsman