

The complaint

Mr M says that he repaid in full a loan from Provident Personal Credit Limited trading as Satsuma Loans. But he says Satsuma didn't mark it as paid on its system. Because of this, it was also reported to the credit reference agencies as still being open. Mr M says this led to him being unable to get further credit.

What happened

This complaint is about one instalment loan Satsuma provided to Mr M. Mr M borrowed £1,000 on 17 February 2017. He was due to make 12 monthly repayments to the loan.

I understand that Mr M had problems making the loan repayments early in the term and these continued throughout 2018. I can see a default notice was issued in January 2019 and the account was transferred to a third-party collection agency some time after this.

In February 2019 Mr M asked for a settlement amount for the loan. This was provided on 14 February 2019 and was for £1,760.48. I can see that Mr M made a repayment of £200 shortly after this but he didn't pay anything further.

On 8 May 2019 Mr M received a further settlement value of £1,733.84. I understand he paid this via bank transfer.

Satsuma didn't mark the loan as paid on its system. And it also reported that the loan was still open to some credit reference agencies. Mr M noticed this in May 2020 and made a complaint about it. Satsuma agreed it had acted incorrectly and marked the loan as closed around a week after Mr M contacted it. It also contacted the credit reference agencies with correct information about the loan.

Our adjudicator didn't uphold the complaint. He said that whilst it was clear Satsuma had made a mistake it wasn't certain that this had caused Mr M a financial loss.

Mr M disagreed with the adjudicator's opinion. He said that his complaint should be upheld due to Satsuma's error. As no agreement has been reached the complaint has been passed to me, an ombudsman, to make a 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 irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website.

It's clear that Satsuma has made a mistake here. It should have marked Mr M's account as paid when he settled the loan in 2019 but it didn't do this. That said, when it was informed that the loan wasn't properly closed it put this right relatively quickly. So, there is nothing

further to do in respect Mr M's account, or the information Satsuma has provided about this to the credit reference agencies.

I've thought about whether Mr M should receive compensation for this mistake. In order to award financial compensation it needs to be shown that Mr M has suffered a loss. Mr M has said this has happened as he may have been refused other credit due to the incorrect information on his credit file.

But any refusal of credit by a third party would be due this third party's lending criteria. I don't know what this lending criteria was, or if it played a part in any refusal of credit. And it is just as likely that other factors may have led to this. For example it could be that the earlier missed payments or the default were the cause of this. Or indeed some other information on Mr M's credit file.

So, I can't reasonably say that Satsuma's error led to Mr M being turned down for further credit. And it follows that I can't reasonably say that Satsuma's error caused Mr M a financial loss. So, I don't think it's fair to award compensation.

My final decision

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 March 2021.

Andy Burlinson
Ombudsman