

The complaint

Mr M says Provident Personal Credit Limited trading as Satsuma, irresponsibly lent to him. He says that he couldn't afford the loan repayments. He thinks that Satsuma should've seen this and not lent to him.

What happened

This complaint is about three instalment loans Satsuma provided to Mr M between March 2017 and January 2018. Some of the information I have been provided about the lending is in the table below.

loan number	date started	amount	monthly instalments	date repaid
1	28/03/2017	£800	6	27/04/2017
2	04/05/2017	£400	3	17/08/2017
3	31/01/2018	£800	12	15/02/2019

Our adjudicator didn't uphold the complaint. Mr M disagreed with the adjudicator's opinion, but his representative didn't say why this was.

As no agreement has been reached the complaint has been passed to me.

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. Broadly speaking, this all means that Satsuma needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice, this means it should have carried out proportionate checks to make sure Mr M could repay his loans in a sustainable manner. Additionally, there may come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Applying this to the circumstances of this particular complaint, I have reached the same outcome as our adjudicator, for essentially the same reasons.

For loan 1 Mr M needed to make six monthly repayments, the highest of which was around £250. The highest repayment for loan 2 was just under £200 over a three month term. Mr M would need to make repayments for a longer period for loan 3 but the most he would pay in one month was £130.

I've seen a record of the information Mr M provided when he completed his loan applications. Mr M said he had a monthly income of £2,650. Satsuma's information shows he had regular monthly outgoings of around £1,750 for loans one and two, this had

increased to £2,050 for loan 3. The outgoings amount is made up partly of what Mr M declared to Satsuma. In addition, Satsuma added an amount to what Mr M declared based on the outstanding credit it could see from his credit file. But taking all of this into account it was reasonable for Satsuma to have thought that Mr M could afford the loan repayments.

I haven't seen any further information that shows its likely Satsuma was made aware of any financial problems Mr M might've been having. Mr M repaid all of the loans and there was a reasonable break between loans 2 and 3. These are indicators that Mr M's finances were not worsening, and may have been improving.

And there isn't anything that would've prompted Satsuma to investigate Mr M's circumstances further. So, I think it was reasonable for Satsuma to rely on the information it obtained.

So overall, in these circumstances, I think the assessments Satsuma did for these loans were proportionate. And I think its decision to lend for loans 1 to 3 was reasonable. I'm not upholding Mr M's complaint about them.

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 23 March 2021.

Andy Burlinson
Ombudsman