

The complaint

Mr T says Provident Personal Credit Limited, trading as Satsuma Loans, irresponsibly lent to him. He says the loans contributed to his worsening debt situation and so Satsuma shouldn't have lent to him.

What happened

This complaint is about two instalment loans Satsuma provided to Mr T between November 2018 and March 2019.

loan number	date started	amount borrowed	term (months)	date ended
1	27/11/2018	£300	6	17/06/2019
2	10/03/2019	£850	10	outstanding

Our adjudicator didn't uphold the complaint. He thought the checks Satsuma had made were appropriate and the checks showed Satsuma that Mr T could afford the loan repayments.

Mr T disagreed with the adjudicator's opinion. He says the he wasn't protected enough, and he shouldn't have been given the second loan as easily as he 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 T 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 T needed to repay around £95 per month for six months after taking it. This increased to £170 for loan two. Mr T needed to repay loan two over 10 months.

I've seen a record of the information that Satsuma obtained when Mr T applied for these loans. This was a mixture of information provided by Mr T and the information that Satsuma obtained from a credit reference agency.

Mr T said had a monthly income of £2,000 at the time of both loans. And he had regular monthly outgoings of around £1,700 at the time of loan 1 and £1,500 at the time of loan 2. So, it would have been reasonable for Satsuma to think the loan repayments were affordable for Mr T.

I haven't seen any further information that shows its likely Satsuma was made aware of any financial problems Mr T might've been having. Or anything that would've prompted it to investigate his circumstances further. Mr T hasn't provided any detail or further information about the problems he says he had. 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 these loans was reasonable. I'm not upholding Mr T's complaint about them.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 1 April 2021.

Andy Burlinson
Ombudsman