

The complaint

Mr I says Provident Personal Credit Limited trading as Satsuma didn't properly administer his request to cancel his loan. He says he was told when he started the loan that he could cancel it within two weeks of the start period at minimal cost. But when he tried to do this, he found it difficult to contact Satsuma so he couldn't do this. He paid an increased amount to settle the loan.

And when he had repaid the loan in full it still appeared on his credit file and Satsuma was still requesting repayments. He says that this affected his credit rating and sorting it out was problematic and expensive as he was overseas.

What happened

This complaint is about one instalment loan Satsuma provided to Mr I on 28 May 2019. Mr I borrowed £750. He says that he intended to repay the loan within two weeks so it would be considered as cancelled. He says Satsuma told him he would pay around £2 interest a day if he did this. He says he was also told he could repay the loan online.

Mr I says he had the funds to repay the loan on 10 June 2019. But he says there was no option to withdraw from the loan online. Satsuma later confirmed the loan needs to be cancelled either in writing or over the telephone.

Mr I says that when he tried to call Satsuma he was put on hold for long periods of time. Because of this, he says he wasn't able to speak to someone at Satsuma until 12 June 2019, which was one day outside of the 14 day withdrawal period. Because of this he now needed to pay an early settlement balance of £963 by 12 July 2019 to surrender the loan. Mr I paid this amount on 9 July 2019.

Satsuma failed to mark the loan as fully repaid on his credit file. Mr I received repayment reminders over the coming weeks until this was rectified on 23 August 2019. Mr I needed to contact Satsuma about this a number of times. He says this was not always straightforward as he was overseas during this period of time.

Mr I then made his complaint to Satsuma and it partly upheld it. It didn't think it acted wrongly in respect of when Mr I contacted it to withdraw or surrender the loan. But it did think it should have marked Mr I's loan as repaid and it offered £50 compensation for the inconvenience putting this right caused Mr I.

Our adjudicator partially upheld the complaint. He didn't think Provident was wholly responsible for Mr I not contacting Satsuma within 14 days. And he wasn't persuaded that this situation had materially affected his credit standing. This is because there was no adverse information about this loan on his credit file and the Satsuma loan was shown as being repaid early.

But he did think that Mr I had been unnecessarily inconvenienced by Satsuma not marking his loan as repaid. He thought a further £50 was reasonable compensation for this. Making the total compensation award £100.

Mr I disagreed with the adjudicator's opinion. He said that:

- Satsuma made it too difficult to withdraw from the loan
- the loan not showing as surrendered over July and August did affect his credit rating
- he wanted compensation for the increased surrender value he paid and his overall costs were £319. And he thought he should receive further compensation for the trouble and upset this matter caused him.

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

I can see that Mr I did intend to withdraw from the loan in June 2020. I haven't been able to fully consider if he was, or wasn't told, that he could withdraw from the loan online. But in any event he did become aware that he would need to contact Satsuma by telephone (or in writing) if he wanted to cancel the loan. And he took steps to do this.

It's clear Mr I had difficulty in doing this. This was partly due to him having to wait to be able to speak to someone at Satsuma. But it also seems reasonable to say that this was because Mr I was only able to make calls at certain times of the day, or for shorter times. And whilst this is unfortunate, and I don't think it's reasonable to say that Satsuma being busy *prevented* him from cancelling the loan, or was the only reason this didn't happen. So, I'm not upholding this part of Mr I's complaint

Mr I also says that his credit rating was affected by this, and the loan staying in force for longer than intended. But there is no adverse information about this loan on his credit file. He says that another business reduced his credit limit on a credit card. But third party credit decisions can be made for a large number of reasons. And I've no way of knowing, with any degree of certainty, that this was *solely* due to the situation with the Satsuma loan. Or any number of other factors.

I accept that this caused Mr I some inconvenience. That said, it is reasonable to say that sometimes things do go wrong. And whilst Satsuma should have done better here when Mr I repaid the loan it is fair to say that some inconvenience can be expected when problems happen. And Satsuma did put this right reasonably quickly when it found out about the mistake.

So having thought about all of the circumstances surrounding this issue I think it's reasonable that the compensation I should award here is modest. I think the £100 in total that the adjudicator recommended is fair.

Putting things right

Satsuma should pay Mr I £100 in total. If it has already paid Mr I £50 it only needs to pay a further £50.

My final decision

For the reasons set out above, I partly uphold Mr I's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 6 April 2021.

Andy Burlinson
Ombudsman