

## The complaint

Mr L says Provident Personal Credit Limited trading as Satsuma, irresponsibly lent to him. He says if Satsuma had made better checks it would have seen that he already had problems managing his money before Satsuma lent to him. He thinks it shouldn't have approved this lending.

## What happened

This complaint is about some instalment loans Satsuma provided to Mr L between July 2014 and August 2018. I've put some information about all of the lending applications Mr L made in the table below. But just to emphasise only applications 1, 5 and 9 were fully proceeded with by both parties. The other loans were either cancelled, not taken, up or were declined.

application number	date started	amount	term (weeks)	date repaid
1	21/07/2014	£300	26	23/01/2015
2	27/07/2015	loan declined		
3	21/11/2015	loan declined		
break in contact				
4	16/08/2016	£310	cancelled on 19/08/2016	
5	27/08/2016	£740	47	29/07/2017
break in contact				
6	04/01/2018	loan not taken up		
7	07/03/2018	loan not taken up		
8	16/08/2018	£310	cancelled on 17/08/2018	
9	24/08/2018	£360	52	outstanding

Our adjudicator didn't uphold the complaint. He thought the checks the business did for the earlier loans were proportionate. And he hadn't seen anything in the later loans which would've led to the business not approving them.

Mr L disagreed with the adjudicator's opinion. He reiterated that he had bad credit when he started the loans so Satsuma shouldn't have approved them.

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 L 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.

Looking at the lending above Mr L borrowed, and made regular repayments to, three loans from Satsuma. This was application 1 in 2014, application 5 in 2016 and application 9 in 2018. So, there were large breaks in between the times he was actually making repayments to Satsuma.

I can see that in between these loans Mr L did apply for other lending and he either didn't proceed with the applications or they were declined by Satsuma. But I don't think this means that Satsuma shouldn't have lent. It looks to me like both Mr L and the business were making decisions about when it was reasonable to borrow and lend. And not entering it a lending relationship when it wasn't appropriate to do so.

Turning to the loans that Mr L did take. I've seen a record of the information Satsuma provided when he completed his loan applications. Satsuma recorded that he had a monthly income of £1,350 for loans 1 and 9 and £1,170 for loan 5. His monthly expenditure was recorded as being £500 for loan 1 and around £850 for loans 5 and 9. His expenditure was a mixture of the information Mr L declared and information taken from a credit reference agency about his financial outgoings. But looking at these amounts it would have been reasonable for Satsuma to think that the loans were affordable for Mr L.

I haven't seen any further information that shows its likely Satsuma was made aware of any financial problems Satsuma might've been having. Or anything that would've prompted it to investigate Mr L's circumstances further.

Mr L has said that he was in financial difficulty when he took all of this lending. And the fact that Satsuma declined loans at times does tend to support this. But it also makes it reasonable to say that Satsuma did recognise when Mr L's financial problems meant it shouldn't have lent.

And even if I think that Satsuma should have made better checks then I don't have enough information to say the loans shouldn't have been approved to Mr L. He hasn't provided any further detail about what his financial problems were.

So, I think it was reasonable for Satsuma to rely on the information it obtained. I also think the assessments Satsuma did for these loans were proportionate. And I think its decisions to lend were reasonable. I'm not upholding Mr L's complaint about them.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 April 2021.

Andy Burlinson  
**Ombudsman**