

The complaint

Mr H says Provident Personal Credit Limited trading as Satsuma Loans, irresponsibly lent to him. He says the loans were unaffordable when he took them out as he was using other short term loans to make ends meet. He thinks that Satsuma didn't carry out robust affordability checks. If it had done it would've seen this and not lent to him.

What happened

This complaint is about two payday loans Satsuma provided to Mr H between October and November 2017.

| loan number | date started | amount borrowed | term (months) | date ended |
|-------------|--------------|-----------------|---------------|------------|
| 1 | 21/10/2017 | £1,000 | 3 | 24/01/2018 |
| 2 | 27/11/2017 | £1,250 | 3 | 05/03/2018 |

Our adjudicator didn't uphold the complaint. She said that the checks Satsuma had made were proportionate given the circumstances. And so it was reasonable to lend to Mr H.

Mr H disagreed with the adjudicator's opinion. He said that Satsuma had not accurately found out about his income or expenditure. He provided information about this which included further detail about his income patterns. He also provided his bank statements.

Our adjudicator didn't change her opinion about the complaint. 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 H could repay their 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 H needed to make three repayments of just under £500. Loan 2 also had three repayments of just over £600.

I've seen a record of the information Mr H provided when he completed his loan application. Mr H said he had a monthly income of £4,000 and he had regular monthly outgoings of £825. Satsuma increased his outgoings due to some information it saw in the credit checks it did. But even after these adjustments, Mr H still had a disposable income for each loan of around £2,500. So, it was reasonable for Satsuma to think the loan repayments were affordable for Mr H.

Mr H has said that the income Satsuma used may not have been correct and it should have used a lower amount. But Satsuma did look at Mr H's payslips at the time. And whilst I can see his pay did vary, for example when he worked overseas, I don't think the amounts Satsuma used were unreasonable.

Mr H has provided some detail about his financial circumstances. And I accept he did have some other lending and some financial problems. But this was early in the lending relationship, so I don't think it's reasonable to say that Satsuma needed to make the kind of in depth checks at this time that would've likely uncovered this.

I haven't seen any further information that shows its likely Satsuma was made aware of any financial problems Mr H might've been having. Or anything else that would've prompted it to investigate Mr H'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 was reasonable. I'm not upholding Mr H's complaint about them.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 April 2021.

Andy Burlinson
Ombudsman