

The complaint

Mr C complains about Provident Personal Credit Limited trading as Satsuma. Mr C says he was unable to make the repayments into the loan in full when he became unemployed. He says he wanted to make a lump sum repayment of £500 in order to settle the loan. But, as this was less than the amount Satsuma says he owed, it didn't accept this. Mr C thinks this is unfair.

What happened

This complaint is about one instalment loan Satsuma provided to Mr C in December 2017. Mr C borrowed £1,850. He was due to make 12 repayments of £307.10 which meant he had to repay Satsuma a total of £3,685.20.

Mr C was able to make the repayments in full for the first five months. But due to some personal and related financial problems, which included being made unemployed, he was unable to make the repayments going forward.

At first, Mr C and Satsuma agreed that he would make repayments of £50 a month. However, Mr C also asked to be able to repay a lump sum to close the loan. After some correspondence Mr C offered to pay £500. Satsuma didn't accept this. It said that his account balance was £1,346.70 and the early settlement balance was £1,144.69. Mr C didn't want to repay this amount and he made his complaint to Satsuma.

I understand that Mr C didn't make any further repayments into his loan and that the outstanding loan amount has now been passed to a third-party collection agency.

Our adjudicator didn't uphold the complaint. He thought that Satsuma had acted reasonably when it arranged a repayment plan given Mr C's circumstances. And it didn't have to accept the amount Mr C offered to settle the loan.

Mr C disagreed with the adjudicator's opinion. He thought a lower settlement figure would be fair. 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 short term and high cost 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.

Mr C and Satsuma entered into an agreement when Mr C took the loan. Mr C would receive the loan amount. In return he agreed to make the scheduled repayments. I appreciate his circumstances meant that this was difficult for him at times, but this doesn't mean that

Satsuma was acting incorrectly when it requested that he repay the full amount, or the early settlement balance. Rather than the £500 that Mr C offered.

I accept that Mr C informed Satsuma that he was in financial difficulty. So, Satsuma had an obligation to have treated Mr C fairly and to exercise forbearance. But I think it's reasonable to say that Satsuma did this when it arranged the repayment plan. And it seems it was willing to continue to allow Mr C to keep to this plan, going forward. That is, it was prepared to work with Mr C to help him repay what he could afford on a regular basis. I think this is the right approach here. But it's reasonable to say that Mr C only wanted to repay £500. So this didn't go ahead.

So, overall, I think Satsuma acted fairly when it was dealing with Mr C in respect of his repayment problems. I'm not upholding his complaint about this issue. But I would remind Satsuma of its obligation to treat Mr C fairly when working towards repaying the outstanding balance.

My final decision

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

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

Andy Burlinson
Ombudsman