

The complaint

Mr W says Provident Personal Credit Limited, trading as Satsuma Loans (Satsuma), didn't inform him that his outstanding loan had been recovered from a third-party collection organisation. And that Satsuma would now correspond with him about the outstanding amounts.

Because of this lack of communication Mr W says he didn't realise that he still owed money to this loan. He says this has affected him financially and also had an impact on his mental health.

What happened

Mr W has made an irresponsible lending complaint about his borrowing with Provident. This part of his complaint has been considered separately by this Service. So, I won't look at the issues Mr W has raised about irresponsible lending here.

The complaint that I am considering here is about one home collected loan Satsuma provided to Mr W in November 2017. Mr W borrowed £1,200 and he was due to make twelve repayments of £199. As far as I can see Mr W made two payments early on in the loan term and he has been unable to make any contractual payments since.

This loan was passed to a third-party collection organisation in 2019. Mr W says that he thought he had set up an agreement to repay this loan with the third party. But he later found out this wasn't the case.

Mr W says that he became aware that the balance of this loan was still £1,900 in October 2020. At this point Mr W also found out that the loan had been returned to Satsuma in August 2019. Mr W hadn't had any communication from Satsuma about this change.

Satsuma has considered Mr W's complaint and said that it should've informed him about the changes to the administration of his loan. And it should have continued to correspond with him about the outstanding amounts. It has reduced his loan balance by £30 because of this error.

Our adjudicator didn't uphold the complaint. He thought that whilst Satsuma should have communicated better with Mr W about this issue he wasn't persuaded that the situation regarding the loan payments would've been different if it had. Mr W should've been aware that this loan remained unpaid.

Mr W disagreed with the adjudicator's opinion. He said that he had been making repayments in respect of a number of debts to the third party and he assumed that this loan was included. He wasn't informed that this wasn't the case. When he found out that he wasn't going to be debt free in the near future, this caused him some distress.

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.

Mr W says that he believed he had set up a repayment plan with the third party collection agency to repay this loan. I'll firstly say that this complaint is about Satsuma. I've not seen that Satsuma had any involvement with the actions, or inactions, of this third party here. And added to this I've not seen any communication Mr W had with this third party. So, I can't uphold his complaint due to anything that happened with the third party.

Mr W has said that Satsuma should've told him that the loan was still outstanding. And it's accepted that it should've communicated better about this issue. But in order to uphold Mr W's complaint on this basis I need to be persuaded that he was unaware that the loan wasn't fully repaid, and this was solely due to the actions of Satsuma. And I also need to see that he would've acted differently if he had been given more information.

From what Mr W says he was going through a difficult, and probably complicated, time. I hope things have improved for him. So, it's understandable if there was some confusion about his finances.

But the responsibility to make the loan repayments is still Mr W's. And it's reasonable to say that he should have been aware of whether he had made the repayments or not. And what he still owed.

So the crux of this complaint is did Satsuma mislead Mr W about his outstanding loan balance. That is did it tell him, or could it reasonably be implied from what it didn't say, that his loan was repaid. Having looked at everything I don't think it did. It's accepted that it could've communicated better around the issue of the loan ownership, but this isn't the same as saying the loan was repaid when it wasn't. So, I don't think it's reasonable to say it misled him.

And it's not clear to me that Mr W would've done anything differently if he had received any further communication about this issue. And there isn't a financial loss as such, as Mr W already owed the money to the loan by the time this error took place.

Taking all of this into consideration I don't think Mr W's complaint should succeed. I'm not persuaded that Satsuma needs to do anything further than it already has done to put things right.

Mr W should still make the loan repayments. And he should try and agree an acceptable repayment plan with Satsuma. When Satsuma and Mr W try to agree a repayment plan I would remind Satsuma of its obligation to treat Mr W positively and fairly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 November 2021.

Andy Burlinson
Ombudsman

