

## **The complaint**

Ms I says Provident Personal Credit Limited, trading as Satsuma, didn't provide enough support when she was having problems repaying her loan. She also thinks that it shouldn't have passed the loan to a third-party collection agency and defaulted the loan when she couldn't make the repayments.

## **What happened**

Ms I borrowed £300 from Satsuma in June 2019. She was due to make 12 repayments of £49.80.

Ms I had repayment problems right from the start. Satsuma's records show that Ms I missed the first few scheduled repayments but she paid £99.60 in September 2019. She missed the next payment but paid £99.60 again in November 2019. She paid £49.80 in December 2019.

Satsuma's records show that it didn't receive any payments for some time after this. I understand a notice of default was sent to Ms I in July 2020. And I understand the loan was sent to a third party collection agency in November 2020. Satsuma's records show that Ms I has made some payments since the loan was sent to the third-party.

Our adjudicator didn't uphold the complaint. He didn't think that Satsuma was acting incorrectly when it defaulted the loan and passed it to a third-party collection agency.

Ms I disagreed with the adjudicator's opinion. She said, in summary:

- She struggled financially throughout 2020, and she also had health issues. But she kept in touch with Satsuma.
- Satsuma should've provided more support, as other businesses did, when this was the case.
- Satsuma should've used a default as a last resort, and it didn't take into account that she was trying to pay all of her bills and other debt.

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 credit - including all of the relevant rules, guidance and good industry practice - on our website.

I'll firstly say that I can see that Ms I has been through a difficult time with health problems and uncertainty around her employment. I hope things have improved for her. And I'll say now that I'm not upholding her complaint and I know this won't be the answer she wants. But I hope that she finds my explanation helpful and it doesn't cause any distress.

In order to uphold this complaint I need to see that Satsuma has acted wrongly or unreasonably in some way. Ms I's complaint is that it added a default to her loan and that it passed the loan balance to a third party collection agency, she says it shouldn't have done both of these things. So I've looked to see if Satsuma has acted reasonably in respect of these issues.

As I've outlined above it's clear that Ms I was having problems making the loan repayments and she was in arrears right from the outset. But at the start of the loan term she was in regular contact with Satsuma. And Satsuma did, at various times, give her 'breathing space' and it also negotiated a repayment plan to pay some of the loan balance and the arrears. Ms I wasn't able to pay this as well.

But after May 2020 it looks like Satsuma had problems contacting Ms I. And no repayments were received until after the loan was passed to the collection agency in November 2020. I can see that Satsuma wrote to Ms I at times about the outstanding loan balance and the default. But I can't see that it got any response to these communications.

It's generally reasonable to default a loan when a consumer has had problems making the repayments for around six months and there are ongoing problems with the relationship, such as a difficulty staying in touch. I think both of these apply here. So, I don't think Satsuma has acted incorrectly. I think it did as much as it could reasonably be expected to, given the circumstances that surrounded the loan repayments.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 7 January 2022.

Andy Burlinson  
**Ombudsman**