

## The complaint

Mr M complains Provident Personal Credit Limited trading as Satsuma Loans (Satsuma) gave him a new loan in February 2020, when he was under the impression the new funds were a top up of funds to his outstanding loan.

## What happened

In total Mr M has taken four loans from Satsuma, but this complaint is only concerned with the circumstances that led him to taking loan 4, rather than top up loan 3, which is what Mr M thought he agreed to.

Mr M took loan 3 in July 2019 for the sum of £340. He was required to make 12 payments of £56.44. As far as I can see, when loan 4 was granted Mr M had made all of his payments and his loan was up to date.

Mr M says that he received an email from Satsuma in January 2020 inviting him to apply for further credit. Mr M says his car needed some work, so he took advantage of this offer, and borrowed a further £410 to be repaid over 12 months at a rate of around £68 per month (loan 4).

Mr M has told us that he believed loan 4 was a top up of the existing loan, rather than a new loan which would run alongside loan 3.

Over the course of the next couple of months, payments were missed on loan 3, which resulted in adverse information being reported on Mr M's credit file. Mr M did receive missed payment text messages, but he believed there was just a delay from when he was making the payments to the messages being generated. Mr M says it wasn't until April 2020 that he realised he had two loans.

Mr M complained to Satsuma that he had been mis-led into taking a new loan as he thought he was applying for a top-up to loan 3. In response, Satsuma said it hadn't made an error. It explained that it doesn't allow loans to be topped up so both loans were due to be repaid. Satsuma also explained both loans would've appeared on Mr M's online portal. Unhappy with this response, Mr M brought his complaint to this service.

Our adjudicator didn't think Satsuma had done anything wrong. She said at the time of loan 4 being granted Mr M still owed £395.08. And looking at the loan agreement she couldn't see any information to suggest that loan 3 was being repaid or that loan 4 would be a top up. So, she wasn't able to conclude that Satsuma had mis-led Mr M and therefore didn't uphold the complaint.

Mr M disagreed with the adjudicator's findings and asked to take his complaint further. In summary he said;

- once he realised what had happened, he should've been given the option of cancelling the loan
- Mr M says he shouldn't have been targeted for further borrowing and it wasn't clear that he was being given a new loan

- Satsuma should've let him put things right when he realised what had happened by just repaying the capital amount borrowed.
- Satsuma has mis-led him.

The adjudicator responded to Mr M and explained to him that his comments hadn't changed her mind about the complaint. Mr M responded, saying he doesn't believe that Satsuma has dealt with him honestly, and as a customer it has made things difficult for him.

As no agreement has been reached, the case has been passed to me for a final decision.

### **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.

To be clear, I'm only looking at, whether Satsuma induced Mr M to take out a further loan and whether it did anything wrong when it gave him another loan. I'm not considering anything else in relation to what happened at the time the loan was approved.

It is also worth saying that I can only ask Satsuma to pay compensation and/or put Mr M back into the position he would've been in if I can conclude that Satsuma has made an error. Unfortunately, taking into account everything I've seen, I don't think Satsuma has done anything wrong here. The effective of this is that I won't be asking Satsuma to do anything to put things right for Mr M. I've explained why below.

Mr M says this whole situation started because he received, what appears to have been marketing email from Satsuma in January 2020. Mr M has told us this email has been deleted – so he can't provide a copy of it. Satsuma also hasn't been able to provide us an exact copy of the email that was sent.

But what Satsuma has sent is copies of, and details of its marketing material it has used since May 2019. Having looked at this material, there is no reference to any top ups, all the material references taking out loan(s). So, although I don't have the January 2020 email sent to Mr M, on balance, and based on what I have, I think it's unlikely that the email would've said that Mr M would be able to top up his loan.

Following the application for the loan, a credit agreement was generated and would've been given to Mr M before the loan was funded. I've been able to view this agreement. I'm satisfied, based on what I've seen that this is for a new loan the agreement. It says "Fixed sum agreement" followed by the amount lent £410. After this, it gives further details of the loan including the term and the monthly cost.

I can see nothing in the agreement that would indicate to Mr M that he was taking a top-up or the terms and conditions of this third loan were being altered in any way.

The credit agreement, also gave Mr M two weeks to withdraw from the loan if he wasn't happy with it. By doing this, Mr M would've only had to repay any capital (and any interest due to Satsuma within the withdrawal period). The two weeks passed without the loan being cancelled. This means that when Mr M discovered what had happened Satsuma wasn't under any automatic obligation to cancel the loan, or to just accept the principal amount it had lent.

I'm also aware, from other complaints, that Satsuma doesn't allow loans to be topped up. It does allow loans to run concurrently (so having more than one loan running at the same

time). This is what has happened here, so the fact that more than one loan is running at the same time, is not itself an error and is not something that is prohibited within the regulations.

I have no doubt that Mr M believed that he was taking a top up for this third loan, but, based on the evidence that I've seen I'm not able to say that Satsuma mis-led him in any way. This means I can't ask Satsuma to either pay any compensation or make any corrections to the credit file because it hasn't made an error.

It isn't clear, but it looks like, at least at the point that Satsuma provided this service with its file that an outstanding balance remains on loan 4. I can see that Mr M settled his third loan in May 2020, and he received a rebate for doing so.

But, if an outstanding balance remains on loan 4, then I'd remind Satsuma of its obligation to treat Mr M fairly and with forbearance if he is having financial difficulties.

Taking everything into account, I'm not upholding Mr M's complaint, I appreciate this will be disappointing for Mr M. But I hope that he'll understand why I've reached the findings that I have.

### **My final decision**

For the reasons I've explained above, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 September 2021.

Robert Walker  
**Ombudsman**