

complaint

Mr M complains, in summary, that Provident Personal Credit Limited, trading as Satsuma Loans, ("SL"), ignored his request for help with his loan account.

background

Mr H took out a loan from SL on 2 February 2018 for £500. It was due to be repaid by 11 monthly payments of £90.50. Mr H missed his first monthly payment on his account as he'd set up his repayment wrongly. He contacted SL and asked for a weekly repayment schedule in April 2018. SL agreed that he could repay £25 per week from 20 April 2018.

Mr H then made his first seven repayments on the due date. Before his eighth repayment was due he contacted SL to say his account was showing as overdue and he asked for an explanation. SL replied to his query two days later and said that his email had been sent to the relevant department but gave him a phone number and alternative email address to contact if his query was urgent. Eight days later SL then asked Mr H to confirm his details for security. SL said that these details weren't received. In the meantime Mr H had made his eighth repayment on 10 June 2018, but he made no repayments after that.

SL sent Mr H an arrears letter and a Notice of Sums in Arrears on 2 August 2018.

Two months later on 2 October 2018, Mr H contacted SL by email to ask it to email him so he could set up an arrangement. He'd been struggling financially but he said that he was able to set up an arrangement at that time. SL responded to ask for details for security which Mr H provided on 4 October 2018. On the previous day, SL had sent Mr H a notice of default. On 6 October 2018, SL emailed Mr H to say that it had passed Mr H's email to the relevant department but it also gave him a phone number and alternative email address to contact if his query was urgent.

On 11 October 2018 SL responded to Mr H's email by telling him his arrears were £433.50 and asking him to respond to five questions including whether there had been a change in his circumstances, whether any change was short or long term and whether his priority bills were affected. Around four hours later Mr H sent a complaint to SL saying he'd received a Notice of Default that day which he asked SL to retract as he'd emailed it for help on a number of occasions without a reply.

The adjudicator didn't recommend that the complaint should be upheld.

Mr H disagreed. He said that he had tried to make plans to repay the account and SL couldn't provide evidence of his continued contact.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have set out the detail of the communications between the parties above. Mr H has sent us copies of the emails he sent to SL and SL has sent us its contact notes which contained the content of its emails. The notes also documented the dates that SL's initial arrears letter, Notice of Sums in Arrears and default notice were sent to Mr H although copies of these haven't been sent to us. I accept that the dates shown on the contact notes evidence the dates that they were sent to Mr H.

I can see that Mr H contacted SL about his account showing as overdue in June 2018. I can't see that he mentioned any financial difficulty to SL at the time. It doesn't look like he then responded to SL's email asking for details for security checks. So his query didn't progress. I can't say that SL acted unreasonably here.

SL sent a Notice of Sums in Arrears and an arrears letter to Mr H in early August 2018. But Mr H doesn't appear to have responded to this until two months later.

I can see that Mr H sent SL an email on 2 October 2018 asking to set up an arrangement. I can see that SL responded promptly to ask for security details. Mr H sent these to it but in the meantime SL had issued a default notice.

A lender can issue a default notice when at least three repayments have been missed which was the case here. Mr H's repayment history wasn't good from the beginning of the loan. He missed his first monthly repayment and then he didn't make any repayments after 10 June 2018. I can't see that Mr H tried to make any contact with SL about his arrears after that until almost four months later. Mr H must have known he'd missed these payments, but he didn't bring his account up to date or contact SL about his financial difficulties until October 2018. In the circumstances, I don't think I can say that Mr H's account was unfairly defaulted.

A default notice warns that an account is about to default because a borrower is behind with his repayments. But it will give the borrower time to catch up with any missed repayments. I note that Mr H said he was working full time earning £32,000 to £40,000 per annum at the time, so he told us that he could afford to pay the arrears off. Even if the default notice hadn't arrived until 11 October 2018 which was the date Mr H said he'd received it, it seems that he still had time to repay the arrears before the notice became effective.

I note that Mr H said that SL completely showed a lack of communication resulting in his account falling into arrears. But as I've shown above, SL did agree a new repayment schedule with Mr H in April 2018 after he'd missed his first repayment and it asked for security details in June 2018 to progress Mr H's query about his account being shown as overdue. But these weren't provided at the time. SL also gave Mr H information about his arrears in August 2018. And it requested more information from Mr H about his financial difficulties within nine days of his request for an arrangement in October 2018. But Mr H didn't respond to the request. SL had also suggested to Mr H four days after his query that if the matter was urgent he should phone or use a different email address which I can't see he did. So overall, I don't think that SL showed a lack of communication and I can't say that SL was responsible for Mr H's account falling into arrears.

I note that SL said in its final response letter that it wasn't satisfied with the time taken to respond to Mr H but it has apologised for this. And it also said in that letter that although the emails were responded to late, there was still time for Mr B to prevent the default. I've referred to this above.

So, overall I don't think that SL has acted unfairly here. I appreciate Mr H will be very disappointed with the decision I have come to here but for the reasons explained I don't think I can uphold the complaint. Mr H may wish to continue his dispute with SL but if he does, he will need to do so through other means as this decision represents the last stage in our process.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 21 March 2020.

Roslyn Rawson
ombudsman