

complaint

Miss W complains that Provident Personal Credit Limited (trading as Satsuma) was irresponsible when it offered her loans. She asks that interest is refunded.

background

Miss W took out two loans with Satsuma in 2017. Miss W says she was taking out loans to repay existing debts and meet living expenses. She says she had loans from many short term lenders.

The adjudicator didn't recommend that the complaint should be upheld. She said Satsuma asked about Miss W's income and expenditure when she applied for the loans. The adjudicator said Satsuma's checks were sufficient and the information it received suggested the loans were affordable. She said Satsuma's credit checks didn't suggest there was a problem or that further checks were needed.

Miss W didn't agree. In summary, she said she was in financial difficulties and dependant on short term loans when she borrowed from Satsuma. She said Satsuma had searched with more than one credit reference agency and would have been aware of her use of short term loans throughout 2017 and in previous years. Miss W said her partner repaid the first loan for her.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Miss W took out the first loan, of £350, in June 2017. The loan was repayable in three monthly instalments of £172.20. Miss W told Satsuma her monthly income was £1,600 and her monthly expenditure on rent, loans and other expenses was £1,200.

The first loan was repaid in July 2017 before its due date. Miss W took out the second loan, of £320, in September 2017. The loan was repayable in three monthly instalments of £157.44. Miss W gave the same information to Satsuma about her income and expenditure.

I think given Miss W's stated income and the amount of the repayments, the checks made by Satsuma were proportionate. The information it received suggested the loan repayments were affordable.

Satsuma says it did a credit check to verify Miss W's stated income and expenditure. It says the credit check also provided information about Miss W's credit accounts and short term loans and this didn't suggest the loans were unaffordable or unsustainable.

Miss W says Satsuma must have been aware of her use of short term loans from its credit checks. But the evidence it provided about the results of its checks don't suggest it was. Lender's credit checks don't provide the same amount of information as a customer would see on their credit report. I understand Miss W's frustration about this. But I don't think I can reasonably find that Satsuma was aware that she had outstanding short term loans or a debt

problem when this isn't consistent with the evidence provided by Satsuma about the results of its credit check.

Miss W says she was in financial difficulty and dependant on short term loans when she borrowed from Satsuma. But I don't think Satsuma was aware of this. I think it was entitled to rely on the information it received from Miss W and its credit check.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 29 September 2018.

Ruth Stevenson
ombudsman