

## **complaint**

Mr B complains that Provident Personal Credit Limited (trading as Satsuma Loans) mis-sold him a loan, and didn't treat him fairly when he ran into financial difficulties.

## **background**

Mr B took out a loan with Satsuma in April 2016. The loan was for £1,000, and was repayable in 52 weekly instalments of £38.27. The first repayment was due to be made at the end of April 2016, but wasn't received. The following month, still having made no repayment, Mr B told Satsuma that he was experiencing financial difficulties. Satsuma offered to set up a repayment plan for Mr B, but it wasn't able to contact him by phone, and was unable to discuss the account by email.

In late June 2016 a debt recovery agent, wrote to Mr B on Satsuma's behalf, asking him to contact it about repaying the loan, and explaining that if he couldn't afford to repay it in full, it would try to agree an affordable repayment plan. It asked him to contact it within seven days. Two weeks later, when it had had no reply, it wrote to him again, asking him to send his repayment proposals within seven days to avoid recovery action. Mr B contacted Satsuma that day about setting up a repayment plan. It asked him to provide details of his income and expenditure.

When nothing had been heard from Mr B a fortnight later, the debt recovery agent wrote to him again, asking him to contact it to set up a repayment plan to avoid recovery action being recommended. A week later, Mr B contacted Satsuma to say that he was still in the process of completing the information that it had asked for, and he wasn't happy that it was using a debt collection agent.

## **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've also taken into account the law, any relevant regulatory rules and good industry practice at the time the loans were offered. Having done so, I've reached the same conclusion as the adjudicator, and for similar reasons.

Satsuma was required to lend responsibly. It needed to make checks to see whether Mr B could afford to pay back each loan before it lent to him. Those checks needed to be proportionate to things such as the amount Mr B was borrowing, the length of the agreements and his borrowing history. But there was no set list of checks Satsuma had to do.

Mr B applied for the loan online. He provided details of his monthly income and expenditure which were £2,800 and £675 respectively. He said he lived with his parents, and had no accommodation costs. So that left him with a disposable income of £2,125 per month.

Having considered what Satsuma did to assess the affordability of the loan, I'm satisfied it did enough. Mr B reported a disposable income that was more than enough to meet the repayments on the loan easily. I acknowledge that Mr B says he didn't enter his financial details on Satsuma's website or form when he applied for the loan. But he's previously explained that he applied for the loan on a comparison website, and I'm satisfied, on balance, that he would have entered details of his income and expenditure during the

application process, even if he didn't enter them directly on Satsuma's website. And I think it was reasonable for Satsuma to rely on them.

A business is entitled to rely on the information a customer provides about their circumstances, unless there's anything to indicate the business should know the information provided is wrong. I've seen nothing here that would indicate Satsuma should have thought the information provided at the time of the application wasn't accurate, or that it ought to have realised the loan was actually unaffordable

Turning to Mr B's complaint about the way in which Satsuma has pursued him for the debt, I can see that when he told Satsuma that he was in financial difficulty, he asked to set up a payment arrangement. But he'd told Satsuma that he couldn't be contacted by phone, and Satsuma's explained that he didn't provide the security details it told him it needed in order to discuss his account by email.

When Mr B contacted Satsuma again, in early July 2016, he'd missed 10 repayments. He asked again to set up an affordable repayment plan. Satsuma replied on the same day. It asked him to outline his repayment proposals, and to complete an income and expenditure form. It also gave him details of various free debt management organisations. It didn't hear anything further from Mr B for more than three weeks.

We expect lenders to act positively and sympathetically if a borrower is in financial difficulty. Satsuma provided Mr B with details of debt management organisations that he could turn to for help. And it asked him to complete an income and expenditure form so that it could consider an affordable repayment arrangement for him.

Satsuma was entitled to expect the loan to be repaid. And it was entitled to use a debt collection agency to try to recover the debt. I'm satisfied that it acted reasonably positively and sympathetically to Mr B by providing him with details of debt management organisations. And both Satsuma itself and the agent offered to set up affordable repayment plans for Mr B. I've seen the letters that the debt collection agent sent to Mr B, and while they refer to the possibility of recovery action if satisfactory payment proposals weren't received, I don't consider that to have been unreasonable.

Taking everything into account I don't think Satsuma was unreasonable either in making the loan in the first place, or in what it's done to try to recover the debt. I'm sorry to disappoint Mr B, but it follows that I don't uphold his complaint.

### **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 Mr B to accept or reject my decision before 25 May 2017.

Juliet Collins  
**ombudsman**