

## **complaint**

Mr I complains that Provident Personal Credit Limited (trading as Satsuma) lent to him in an irresponsible manner.

## **background**

The background to this complaint was set out in the provisional decision I issued in September 2019. An extract from this is attached and forms part of this final decision, so I will not repeat that information here.

In my provisional decision I set out why I didn't think the complaint should be upheld. I invited both parties to let me have any further comments and evidence. I haven't received anything further from either Mr I or Satsuma.

## **my findings**

I've once more considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Given that neither party has provided me with anything further I see no reason to alter the conclusions I reached in my provisional decision. I don't think Satsuma was wrong to give the loan to Mr I.

## **my final decision**

For the reasons given above, and in my provisional decision, I don't uphold the complaint or make any award against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 11 November 2019.

Paul Reilly  
**ombudsman**

## EXTRACT FROM PROVISIONAL DECISION

### complaint

Mr I complains that Provident Personal Credit Limited (trading as Satsuma) lent to him in an irresponsible manner.

### background

Mr I took one loan from Satsuma. He borrowed £500 in January 2017 and agreed to repay the loan over the following six months. Mr I repaid his loan early and the borrowing was closed in March 2017.

Mr I's complaint has been assessed by one of our adjudicators. He thought that the checks Satsuma had done before lending to Mr I should have caused the lender to consider that Mr I was having serious problems managing his money. So he didn't think it had been right for Satsuma to agree the loan and he asked the lender to pay Mr I some compensation. Satsuma didn't agree with that assessment. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide.

### my provisional findings

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

Satsuma needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure that Mr I could repay the loan in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate.

But certain factors might point to the fact that Satsuma should fairly and reasonably have done more to establish that any lending was sustainable for a consumer. These factors include:

- the *lower* a customer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the number and frequency of loans, and the longer the period of time during which a customer has been given loans (reflecting the risk that repeated refinancing may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Satsuma did a number of checks before it lent to Mr I. It asked him for details of his income and his normal expenditure. It gathered data from credit reference agencies about other credit repayments that Mr I would need to make over the coming months. And it then used this information to calculate how much disposable income Mr I had left over each month. Satsuma also used the credit reference agency checks to gather some more information about Mr I's financial situation at that time.

In saying that I think it is important to note that, generally, the information a consumer might see, when they request a copy of their credit file, might be very different to that seen by a lender. A lender might only see a small portion of the credit file, or some data might be missing or anonymised, or the data might not be up to date. So, this may explain any differences between the information provided by Satsuma's credit check to it and the information that can be seen in the credit report provided to us by Mr I.

The credit checks that Satsuma did failed to show any information that might have suggested Mr I was having problems managing his money. The repayments that were shown by the credit check didn't appear unaffordable based on what he'd said about his normal income and expenditure. And the checks didn't show any other concerning information such as a reliance on other short term loans, or delinquent or defaulted accounts.

I can see from the information Mr I has now provided that his finances were under significant pressure at the time. But that wasn't picked up by the credit check information that was given to Satsuma. And it wasn't something that Mr I told Satsuma at the time either. I don't think there was any reason for Satsuma to doubt the information Mr I had provided.

The repayments that Mr I had agreed to make on his loan were relatively modest compared to the income that he'd declared to Satsuma. And, even after allowing for his other borrowing, the repayments appeared to be easily affordable. So given these repayment amounts, what was apparent about Mr I's circumstances at the time, and his lack of borrowing history with the lender, I don't think it would've been proportionate for Satsuma to ask him for the amount of information that would be needed to show the lending was unsustainable. So I don't currently think Satsuma was wrong to give this loan to Mr I.