

## **complaint**

Mr T complains that Provident Personal Credit Limited trading as Satsuma charged him an excessive amount of interest on his loan. Mr T is unhappy that the interest was pre-calculated and doesn't think that Satsuma explained this to him.

## **background**

Mr T took out a loan with Satsuma in July 2017. Mr T borrowed £750 with interest that he was due to repay by 12 monthly payments of £124.50.

Mr T wasn't happy when Satsuma told him that the interest on the loan had been added at the start so he couldn't save money by repaying it early.

Mr T asked Satsuma to refund half the interest that it had applied to the loan.

The adjudicator didn't recommend that Mr T's complaint be upheld. She explained that she was only looking at Mr T's complaint about the interest on the loan. This was because Mr T hadn't previously complained to Satsuma that the loan was unaffordable.

The adjudicator told Mr T that the loan agreement set out the total amount that Mr T had to repay. The adjudicator was satisfied that Satsuma included the rate of interest on the loan agreement and that Mr T accepted the agreement knowing the rate was. The adjudicator didn't think that Satsuma needed to do anything in response to Mr T's complaint.

Mr T isn't happy with the adjudicator's recommendation. He says that Satsuma previously said that he'd never raised concerns about the terms of the loan not being properly explained to him. Mr T thinks the rate of interest is extortionate.

Mr T says that he asked at the point of sale whether repaying the loan more quickly would reduce the interest and Satsuma said it would. Mr T says he wouldn't have taken out the loan if he'd known that the interest rate was fixed.

Mr T says he didn't have any letter in the post detailing the terms of the agreement. Mr T asks whether Satsuma can provide proof of posting.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In cases like this, where the evidence is inconclusive, I reach my decision on the balance of probabilities. That means I'll look at all the available evidence and decide what I think is most likely to have happened.

I'm satisfied that Satsuma presented the information about the terms of the loan agreement to Mr T as part of the online application process. Satsuma then sent Mr T a copy of the agreement that he'd signed electronically.

The agreement says that a flat rate of interest applies to the loan and that this will apply for the duration of the credit agreement. The agreement says that the interest has been "pre-calculated and applied at the commencement of the credit agreement".

I appreciate that Mr T says he asked Satsuma at the point of sale whether paying the loan off more quickly would reduce the interest. Satsuma's records don't indicate that Mr T raised this when he took out the loan – particularly as Mr T applied for the loan online.

I can see that Mr T discussed the interest on the loan with Satsuma in early November 2017. Mr T asked Satsuma whether he would pay less interest on the loan if he repaid it early. The representative for Satsuma explained what rebate Mr T would be entitled to if he repaid the loan early and in full.

Mr T told Satsuma that he wouldn't have taken the loan out had he known that the amount of interest he had to pay was fixed. However, this conversation took place more than four months after Mr T had entered in to the loan agreement. So I can't say that Satsuma made a mistake or misled Mr T at the point that he took the loan out.

Although Mr T doesn't recall receiving the agreement, Satsuma's records show that it sent it. I can't blame Satsuma for any failure in the postal service and it wasn't obliged to send the agreement in a way that would've required Mr T to sign for it. I also take account of the fact that I can't see any evidence of Mr T querying the lack of a loan agreement with Satsuma.

I understand that Mr T is unhappy with the level of interest that Satsuma has charged but as it appears to be in line with the terms of his loan agreement, I can't require Satsuma to refund anything to Mr T.

I've not considered Mr T's complaint about Satsuma not carrying out adequate affordability checks as this didn't form part of his original complaint. I gather that Mr T has now raised his concerns with Satsuma. If Mr T remains unhappy after receiving Satsuma's final response on the question of affordability then he will of course be able to bring that aspect of his complaint to this service in the future.

### **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 T to accept or reject my decision before 15 March 2019.

Gemma Bowen  
**ombudsman**