

## **complaint**

Miss R complains that Provident Personal Credit Limited (trading as Satsuma) gave her loans she couldn't afford to repay. She asks that it refunds interest, freezes future interest and offers an affordable repayment plan.

## **background**

Miss R took out two instalment loans in September 2015 and June 2016. Miss R says she was relying on short term loans and Satsuma would have known this if it had carried out appropriate checks. She says couldn't afford to repay the loans.

The adjudicator didn't recommend that the complaint should be upheld, saying Satsuma made sufficient checks before offering the loans. The adjudicator said:

- Satsuma asked for information about Miss R's income, living expenses and existing credit commitments. It says it verified this with data from a credit reference agency.
- Miss R took out the first loan, for £300, in September 2015. The loan required weekly repayments of £10.96 over 12 months. The highest amount due in one month was just under £44. Miss R said her monthly income was £1,600.
- Miss R took out the second loan, for £400, in June 2016. This was before she'd repaid the first loan. Weekly repayments were £15.31. Together with repayments for the first loan, the highest amount due in one month was £105.08. Satsuma was aware that Miss R had three late payments, so it was reasonable for it to ask about her income and outgoings to assess whether the loan was affordable. Miss R told Satsuma her monthly income was £1,600 and her outgoings were £550, suggesting the loan was affordable.
- The checks made by Satsuma were proportionate. It was fair for it to rely on the information provided by Miss R.

Miss R didn't agree. She said Satsuma should have been aware that she'd taken out a number of loans with other payday and instalment lenders. It should have known she was relying on short term loans.

## **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 R took out the first loan, for £300, in September 2015. The loan required weekly repayments of £10.96 over 12 months and the highest amount due in one month was just under £44.

Miss R took out the second loan, for £400, in June 2016. Weekly repayments were £15.31. Together with repayments for the first loan, the highest amount due in one month was £105.08. Some of Miss R's repayments for her first loan were made late in late 2015 and January 2016. Miss R said this was due to problems with her debit card or forgetting to

transfer money into her account. However, I think it was appropriate for Satsuma to ask about Miss R's income and expenditure to assess whether the second loan was affordable.

When applying for the loans, Miss R said her monthly income was £1,600, which Satsuma verified by a credit check. Miss R said her monthly outgoings were £550. The information provided by Miss R about her income and expenditure suggested the loans were affordable.

Miss R says Satsuma should have known she had other short term loans. Satsuma asked Miss R for information about her outgoings, including loan repayments. Miss R now says the information she provided wasn't correct. But I don't think Satsuma knew this at the time. Satsuma's credit check showed one active credit account in September 2015 and three in June 2016. The credit check said no payday loans had been opened in the previous six months. I don't think the information provided by Miss R or the credit check should have alerted Satsuma to a possible problem.

I think, given the amount of the loan repayments and Miss R's stated income, the checks made by Satsuma were proportionate. Based on the information it received, I think it was reasonable for it to assess the loans as affordable.

#### **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 R to accept or reject my decision before 12 June 2017.

Ruth Stevenson  
**ombudsman**