

## **complaint**

Miss D complains that Provident Personal Credit Limited (trading as Satsuma Loans) didn't do enough checks before approving her loan.

## **background**

Miss D applied for a £500 loan from Satsuma Loans on 20 December 2015. She was scheduled to repay £19.12 per week for 52 weeks. The loan was due to be repaid on 20 December 2016.

Miss D says if Satsuma Loans had done better checks it would have found she had a poor credit record, which included an Individual Voluntary Arrangement (IVA) which ended in August 2012. She adds that she also had a number of credit cards and loans from other lenders, including other short-term loans. Miss D says she struggled to repay the loan due to these other commitments, but repaid it in February 2017.

Satsuma Loans says it asked Miss D for information about her income and expenditure when she applied for the loan. It says it used credit reference agency information to verify this information and to assess her borrowing history. Satsuma Loans adds that the information indicated Miss D may have understated her expenditure so it increased this figure by just over £600 before making its assessment. Satsuma Loans says its calculations still showed the loan was affordable and that her credit history was in line with its lending policy at the time.

Our adjudicator did not recommend the complaint should be upheld. He was satisfied that Satsuma Loans did enough checks considering the circumstances of the application. He said he found nothing in the available information that should have indicated to Satsuma Loans that the loan was unaffordable or that it needed to do further checks.

Miss D responded to say, in summary, that the lending was irresponsible as she owed money on multiple credit cards and other loans at the time.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Satsuma Loans was required to lend responsibly. It should have made checks to make sure Miss D could afford to repay the loans before it lent to her. Those checks needed to be proportionate to things such as the amount Miss D was borrowing, and her lending history. But there was no set list of checks Satsuma Loans had to do.

When Miss D applied for the loan she told Satsuma Loans that her monthly income was £2,500 and that she had regular expenditure of £1,480. Satsuma Loans verified the income figure, but considered it likely Miss D had understated her expenditure based on what it could see in her credit file. It therefore based its affordability calculation on an expenditure figure of just over £2,080. This gave a disposable income of over £400 with which Miss D needed to make repayments of under £85 per month. So I'm satisfied Satsuma Loans would have found the loan to be affordable.

I acknowledge Miss D says she was in an IVA until August 2012, which would have shown on her credit file, but given this was over three years earlier, I can't conclude Satsuma Loans should have changed its lending decision based on this. Similarly, Miss D's credit file did not show any defaults prior to her Satsuma Loan application. So, although I accept Miss D says she had multiple credit cards and loans at the time, I can't agree that Satsuma Loans was irresponsible to have approved the loan.

**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 D to accept or reject my decision before 11 April 2019.

Amanda Williams  
**ombudsman**