

complaint

Mr H complains that Provident Personal Credit Limited (trading as Satsuma Loans) gave him loans that he couldn't afford to repay. He asks that it refunds interest and charges and removes negative information about the loans from his credit file.

background

Mr H took out an instalment loan with Satsuma in November 2016. He says the loan wasn't affordable and he had many short term loans from other lenders. Mr H says Satsuma would have known this if it had made proper checks before lending.

The adjudicator didn't recommend that the complaint should be upheld. He said Satsuma asked about Mr H's monthly income and expenditure. The information it received suggested the loan was affordable. Satsuma did a credit check which didn't show any defaults, missed payments, recent short term loans or other information that suggested Mr H would have difficulty repaying the loan.

Mr H didn't agree. He said Satsuma's credit check should have shown his other loans and it didn't carry out the search properly.

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.

Mr H took out an instalment loan in November 2016 for £1,000. The loan was repayable in 52 weekly payments of £38.27. Mr H told Satsuma his monthly income was £1,800 and his housing costs, loan repayments and other monthly outgoings were £660.

I don't think the results of Satsuma's credit check would have alerted Satsuma to a possible problem. Mr H says that Satsuma's credit search wasn't adequate as it didn't show his many payday loans or other adverse information. But, as Satsuma wasn't required to do a credit search, I don't think it's reasonable for me to say that it should have made further or different credit searches.

I think, given the amount of the instalments, the period over which the loan was repayable and Mr H's stated income, the checks made by Satsuma were proportionate. Based on the information Mr H provided about his income and outgoings the loan repayments appear affordable. I don't think Satsuma had any reason to suspect that the information provided by Mr H wasn't correct.

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 H to accept or reject my decision before 23 November 2017.

Ruth Stevenson
ombudsman