

complaint

Miss C complains that Provident Personal Credit Limited (trading as Satsuma Loans) made short-term lending to her when it shouldn't have.

background

In 2016, Satsuma made a loan to Miss C. It was repayable by instalments over 13 weeks. Miss C paid a couple of instalments but hasn't repaid the loan. She complained that Satsuma should refund interest and remove adverse information from her credit file.

Our adjudicator didn't recommend that the complaint should be upheld. He didn't think that Satsuma was wrong to lend to Miss C.

Miss C disagreed with the adjudicator's opinion. She asks for an ombudsman to review the complaint. She says, in summary, that – if it had checked – Satsuma should've seen that she had other short-term loans. Some of those lenders lent less than Satsuma but have admitted irresponsible lending, Miss C says.

my findings

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

A financial business can make commercial decisions about whom to lend to and how much. But before agreeing to lend, the business has to check each time that the borrower can afford to make the repayments. And the checks it does must be proportionate.

When considering a complaint, our Service looks at whether the business did checks proportionate to things like – but not limited to – the size of the loan repayments and the information the business had about the consumer.

If the checks the business did were enough, we won't usually say that it shouldn't have agreed to the loan.

If we don't think the checks were enough, and we feel that more proportionate checks would've revealed that the borrower couldn't have afforded the loan, we'll ask the business to put things right.

From its file, the Satsuma loan to Miss C was as follows:

28.02.16 £400

The loan wasn't repayable in full on Miss C's next payday. It was repayable by weekly instalments of about £44.00, equivalent to about £190.00 per month.

Before the loan, Satsuma recorded Miss C's monthly income as £2,000.00. And it recorded her normal monthly living costs and regular financial commitments as about £450.00. I find it more likely than not that those figures came from Miss C.

I accept Miss C's statement that she had other short-term loans before the Satsuma loan. She has sent us her credit report from January 2018.

But Miss C has fallen short of showing that Satsuma should've seen details on her credit report in 2016 that should've prompted it to do more checks - or not to lend to Miss C at all.

I don't think the Satsuma lending ever reached the point at which proportionate checks would've included asking Miss C about any other short-term financial commitments. And I don't think the Satsuma lending ever reached the point at which proportionate checks would've included asking her for bank statements or otherwise getting a full picture of her financial circumstances.

I keep in mind that there was only one loan. And I keep in mind the level of the required repayments as a proportion of Miss C's recorded income. So I'm satisfied that Satsuma did proportionate checks by asking Miss C about her income, normal living costs and regular financial commitments.

Miss C says that other lenders have made redress. But I don't find that Satsuma shouldn't have lent to Miss C. I don't find it fair and reasonable to order Satsuma to refund interest or to remove information from Miss C's credit file.

Unfortunately Miss C contacted Satsuma about financial difficulty in late March 2016. I'm satisfied that Satsuma responded positively and sympathetically by arranging a repayment plan.

So overall I don't find it fair and reasonable to order Satsuma to do anything further in response to Miss C's complaint.

my final decision

For the reasons I've explained, my final decision is that I don't uphold this complaint. I make no order against Provident Personal Credit Limited (trading as Satsuma Loans).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 June 2018.

Christopher Gilbert
ombudsman