

complaint

Mr J complains that Provident Personal Credit Limited, trading as Satsuma, gave him a loan he couldn't afford to repay.

background

On 10 October 2015, Provident gave Mr J a loan of £320, repayable at the rate of £152.50 a month. Mr J made payments amounting to £140.88 in October and November 2015. In March 2016, Provident transferred the account to recoveries.

In November 2016, Mr J complained to Provident that it shouldn't have given him the loan, as he couldn't afford to repay it.

Our adjudicator said that Provident shouldn't have given Mr J the loan and set out what he thought Provident should do to put this right.

Provident didn't agree with the adjudicator. It described the stages of its lending and decision process. It said it considered Mr J's payday loan debt in its affordability assessment. Provident said the loan was affordable and sustainable. More specifically, it said the data showed Mr J had 19 payday loans in the last six years, he hadn't started a new payday loan for two months and he'd repaid 12 payday loans in the last 12 months.

my provisional decision

I sent Mr J and Provident my provisional decision in which I said I didn't intend to uphold the complaint. I said:

- Before agreeing to lend to Mr J, Provident had to check that he could afford to make the repayments by carrying out proportionate checks.
- Provident was entitled to rely on the information it gathered at the time about Mr J's monthly income and outgoings. On the face of it, Mr J could afford to repay this loan.
- Provident also carried out a credit check, which should've prompted Provident to look at not only Mr J's monthly income and outgoings, but also his regular and short-term financial commitments. That's because the credit check indicated that Mr J was using short-term borrowing over the long term.
- So that we could look at what proportionate checks might've shown at the time Mr J asked for this loan, we asked Mr J for his bank statements for the relevant period and a copy of his credit file. Provident didn't have to ask Mr J for that information. It could've asked for other evidence of income and expenses, like copies of bills.
- Mr J hasn't given us the information about his financial situation we asked for. So, I don't know what information Provident might've seen if it had carried out proportionate checks.
- Based on what I'd seen so far, the loan appears to be affordable, so there's no basis on which to ask Provident to take any steps in relation to the loan.

responses to my provisional decision

Mr J didn't respond to my provisional decision. Provident said it wanted to reiterate that before it lent to Mr J, it got information not only from him but also from a credit reference agency. It thought the loan was affordable and sustainable.

my findings

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

I don't think Provident's comment takes us very much further. I know that it got information from a credit reference agency. As I set out in my provisional decision, I think the information Provident got should've prompted it to do more in order to establish whether Mr J could afford to repay this loan. But Mr J hasn't provided this service with the information we asked for in order to establish what Provident might've seen if it had carried out proportionate checks.

Based on what I've seen, the loan appears to be affordable. So, there's no basis on which to ask Provident to take any steps in relation to the loan. I don't uphold Mr J's complaint.

my final decision

For the reasons set out above and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 6 October 2017.

Louise Povey
ombudsman