

complaint

Miss W complains that Provident Personal Credit Limited (trading as Satsuma) is reporting arrears on her credit file incorrectly when she is in an arrangement to pay. She complains that she was never told about the impact of entering into the arrangement.

background

Miss W took a loan for £400 from Satsuma in August 2016. It was repayable in 52 weekly instalments of £15.31. Miss W fell into difficulties repaying the monthly instalments as they became due in around January 2017 and entered into a repayment plan for £1 per week. This broke down and a further arrangement for £20 was set up in May 2017.

Miss W explains that when she checked her credit file she noticed that Satsuma was reporting that she was in arrears. Miss W called Satsuma in July 2017 to query this and was told that the credit file would take some time to be updated. Miss W called again in November 2017 to raise a complaint. Satsuma sent its final response in January 2018 and apologised for the time taken to deal with the complaint. Miss W was advised in the letter that the arrears were correctly reported but the correct situation regarding the arrangement to pay was not reported and this was rectified.

Miss W is still unhappy about the arrears being reported in this way. She says it suggests that she isn't up to date with the arrangement to pay and this is having a detrimental effect on her ability to get a mortgage. She says that she wasn't told about this at the time, and if she had been she would have borrowed money to pay off the debt. Miss W says this is unfair.

Miss W's complaint has been assessed by one of our adjudicators. She didn't think that Satsuma had done anything wrong by reporting the arrears because Miss W's account was in fact in arrears as she had not been making contractual repayments as they became due. Although Miss W was paying a reduced amount under the agreed arrangement the account was still in arrears as this was less than the amount required. She thought it was reasonable for the arrears to be reported on the credit file alongside the arrangement to pay.

Miss W didn't agree with that assessment. She said that it wasn't fair that the arrears were being recorded in this way and that other lenders were not doing this. She didn't agree that she had been treated fairly and said she was misled about the impact of the arrangement. So, as the complaint hasn't been resolved informally, it has been passed to me, an ombudsman, to decide. This is the last stage of our process.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've also taken into account the law, any relevant regulatory rules and good industry practice at the time.

In deciding this complaint I have taken account of all the points that have been made by Miss W and by Satsuma. I have read all Miss W's emails to this service and the notes of her contact with Satsuma.

At the outset I think it is useful to reflect on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

I don't think there is any dispute here that Miss W borrowed money from Satsuma and was unable to repay that loan when it was due. It appears that Miss W fell into difficulties in around January 2017.

I can see that Miss W offered a payment arrangement of £1 per week in January 2017. I understand that she was in difficulty and wasn't able to repay the full £15.31 per week. I think it is unlikely that Miss W would have been able to repay the loan in full or that she would have been able to borrow money from elsewhere to bring the account up to date. Miss W set up a further arrangement for £20 per month in May 2017 and she has made all the repayments under that arrangement. But this is less than she was required to pay and there are arrears on the account.

I can understand why Miss W thinks that reporting the arrears is unfair and why it looks more damaging on her credit file. But although I sympathise I can't say that what Satsuma has done here is wrong or unfair. Satsuma is correctly reporting the arrears and the arrangement to pay which accurately reflects the situation. I can't ask it to do any more.

There were clearly problems with Satsuma reporting all of the information and explaining the situation to Miss W in a timely way. I can understand how Miss W might have thought that the arrears were an error following her call to Satsuma in July 2017 when she was told the credit file would take time to update. Satsuma has paid Miss W £75 in recognition of these failures and so I can't ask it to do anything further.

Miss W was aware that entering into a repayment arrangement would have an effect on her credit file. Given her financial position I don't think it is likely that she would have been able to pay off the loan. Although other lenders have reported arrangements to pay differently, it doesn't follow that Satsuma is wrong. I can't say that Miss W was misled or that Satsuma treated her unfairly given her circumstances.

I appreciate that my decision will be disappointing for Miss W and I don't doubt that she had responsibly taken steps to deal with her debts. But I consider that Satsuma provided her with enough information to understand that the arrangement would impact on her credit file, and that the information that it reported fairly reflects her failure to repay her borrowing when it was due and the arrangement to pay.

my final decision

For the reasons given above, I don't uphold the complaint or make any award against Provident Personal Credit Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 25 April 2019.

Emma Boothroyd
ombudsman