

## **complaint**

Miss T says that Provident Personal Credit Limited (trading as Satsuma) didn't treat her fairly when she – through a debt consolidation company – tried to repay a loan. And she's not happy with the way in which it has put things right so far.

## **background**

Miss T borrowed £1,000 from Satsuma. This was credited to her bank account on 24 September 2018. It was due to be repaid over 12 months at £166 per month.

On 2 October 2018 Miss T contacted Satsuma to ask about how much it would cost to settle the loan. According to its contact notes she explained that she had gone to a debt consolidation company. She explained that she wasn't able to agree to withdraw at that time so the withdrawal process wasn't formally activated. But Miss T took Satsuma's bank details to allow her debt consolidation company to pay off her loan. I understand that she was told the early settlement figure was £1,200.

On 19 October 2018 the debt consolidation company made a payment of £1,200 to Satsuma. Miss T says she understood that her loan with Satsuma was settled at that point.

On 1 November 2018 – using the continuous payment authority (CPA) which Miss T had authorised at the time she took the loan, Satsuma withdrew £166 from her current account.

Miss T contacted Satsuma immediately. She was told that the payment of £1,200 had been applied to her loan account but that the loan had not been repaid as payment wasn't received within the 14 day period allowed for withdrawal. It seems that she was also informed that there was still a balance owing on the loan of over £600. Miss T lodged her complaint with Satsuma.

On 29 November Satsuma issued its final response letter to Miss T. It agreed to uphold her complaint. To put things right it explained that it was honouring the original withdrawal balance, had written off the outstanding balance of £626 and issued a cheque for November's payment with some additional interest – a total of £166.93. Finally it agreed to amend Miss T's credit file to show that the loan had been settled on the date the payment from the debt consolidation company had been received.

Miss T doesn't think that Satsuma did enough to put things right. She says that the withdrawal via the CPA led her finances to deteriorate again and she ended up in the same position as before. She also says she's been caused a lot of stress by what happened.

Our adjudicator looked into the matter but he didn't think that he could fairly say that this single transaction was responsible for putting Miss T back in debt or back to the situation she'd previously been in. He concluded that there wasn't enough evidence to show that Satsuma was exclusively responsible for making Miss T's situation worse.

Miss T didn't agree. As the matter wasn't resolved it came to me - an ombudsman - for a decision. A few weeks ago I issued a provisional decision in which I explained why I was minded to require Satsuma to pay Miss T some additional compensation for her trouble and upset. I invited the parties to let me have anything further they wanted me to think about before I reconsidered the matter.

If Miss T accepts this final decision, it will be binding on the parties.

### **my findings**

I've once again considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Miss T says she accepts my provisional decision. I haven't heard anything more from Satsuma. In these circumstances I see no reason to depart from my provisional conclusions. This is what I said in my provisional decision:

Satsuma accepts that something went wrong saying *"The payment that was deducted from your bank account should not have been taken as the payment made by [the debt consolidation company] should have closed the agreement for you. I apologise for the stress and inconvenience caused and as a result, I am upholding your complaint"*. So I'm not looking into whether or not something did go wrong; I'm considering whether Satsuma has done enough to put things right for Miss T.

Our adjudicator carefully considered what Miss T had told us about the affect Satsuma's error had on her. But - as I've explained above - he didn't think that the withdrawal from her account could fairly be said to have been exclusively responsible for making Miss T's financial situation any worse than it already was. He concluded that Satsuma had done broadly what we'd likely expect of a business in these circumstances.

I think it's important to remember that Satsuma accepts that it did something wrong. And errors such as this are not only capable of having a detrimental financial impact on a consumer, but could also cause them broader stress and anxiety.

I acknowledge that Satsuma has done much of what we'd usually expect it to have done in these circumstances - clearing the balance, amending the credit report and refunding the amount that was withdrawn (plus a little interest). And overall I think that things have been put right so far as Miss T's financial situation is concerned. Like our adjudicator, I'm not currently persuaded that her financial circumstances were so adversely impacted by this one withdrawal that further compensation is warranted for that aspect of her complaint – for reasons I'll explain below.

But because Miss T's financial situation was so precarious, she says that the withdrawal and then the delay in putting things right had an impact upon her mental health. So I've thought about whether further compensation is appropriate for her trouble and upset – something which hasn't been addressed yet.

Miss T's financial circumstances were very precarious. Our adjudicator noted this and felt that it wasn't possible to determine that the one transaction had made her situation worse - given everything that was happening on her account. And I agree with him. Miss T has provided, and I've looked at, banks statements for two accounts. In September and October direct debits for priority debts (including council tax, utilities, insurance and phone contracts) had been returned unpaid on a number of occasions. I can see that Miss T was borrowing from and repaying several other payday and high cost lenders. Indeed I note that on the day she received £1,000 from Satsuma (the loan in question) she repaid another high-cost short-term credit provider £718 - so she used this loan to repay other credit.

I can also see in Miss T's statements that she took loans from the debt consolidation company - which she was using to try to consolidate her indebtedness. So it seems that by late October/early November she was trying to get her finances in some sort of order by consolidating all her credit through one company she would only have one loan repayment. However from what I can see she still didn't have enough money to meet her bills and all the other transactions on her account - so it wasn't long before things started to deteriorate again.

I've mentioned that I've seen statements for two accounts. The sum of £166 was taken by Satsuma from Account #1. I accept that Miss T tended to transfer money between accounts but the withdrawal by Satsuma didn't lead to her being overdrawn in this account.

Account #2 was the one Miss T tended to use to pay bills. From what I've seen this was often several hundred pounds overdrawn. But it looks as though she tried to manage it closely to avoid going over her overdraft limit of - what I think - was £300. She did this by transferring money between the two accounts very regularly. So I expect that as Account# 1 had £166 less in it than she'd expected, she couldn't transfer as much as she'd planned to Account #2 to cover her bills. But on looking closely at her accounts I don't think that this sum is likely to have kept Miss T from having direct debits returned on Account #2.

In the month of November after the CPA withdrawal of £166 by Satsuma Miss T a number of direct debits returned unpaid on Account #2: from my calculations this was around £330. She did take another payday loan later in the month for £60 – which in itself didn't add enough to her account balance such that no direct debits would be returned. So whilst I accept that the withdrawal by Satsuma may have reduced her balance and arguably fewer direct debits would've been returned, the overall picture is that there still wasn't enough money in her account to meet her usual outgoings and her direct debits.

So, like our adjudicator, I can't safely say that any specific problems on Miss T's accounts were solely the result of Satsuma's withdrawal of £166. I agree with our adjudicator when he says that the withdrawal wasn't ideal but overall, what Satsuma had done was in line with what we would recommend – so far as the financial side is concerned.

But, what of the trouble and upset caused to Miss T? I think Satsuma knew that Miss T was struggling financially and so shouldn't have delayed in sorting out her problem. For example it seems Satsuma had some degree of knowledge that Miss T had significantly more credit commitments than she'd declared at the point she took the loan in the first place. She had declared that she didn't have any credit commitments. But on assessing her credit situation it adjusted that for the purposes of its assessment by over £470.

Furthermore on the 2 October, when she'd enquired about the settlement figure, she explained that she was using a debt consolidation company – another indication that she was most likely in financial difficulties.

But when Miss T telephoned Satsuma on 1 November it seems her concerns (and her situation) weren't acknowledged as they should've been – given that Satsuma has since acknowledged that her complaint was a valid one. According to the contact notes, once Miss T had explained what had happened the Satsuma representative told her that the loan hadn't been cleared because the payment hadn't been made within the 14 day withdrawal period. And it offered her a repayment plan for the balance. Her email later that day suggests that she'd was told that the balance still owing was over £600. She questioned how that could be and mentioned that Satsuma had put her in the most stressful position she'd ever been in. Miss T then pursued her complaint.

Satsuma responded to Miss T around four weeks later which, I acknowledge, is within the allowed timescales. But this was in the circumstances I've outlined above – and the volume of contact alone in this period from Miss T would tend to demonstrate some desperation on her part.

As I've mentioned, in the final response letter of 29 November 2018, Satsuma accepted that the amount of £166 should not have been taken from Miss T's bank account at the start of November because the payment made by the debt consolidation company should've closed the account for her. On two occasions in the letter it apologised – firstly for the distress and inconvenience, and later, "for any trouble and upset we may have caused you". But I note that it didn't offer Miss T any additional compensation for her trouble and upset.

Miss T's finances were on a knife-edge. So the unexpected withdrawal of £166 (which she says meant she needed to manage her accounts differently from the way she'd expected) and the news that she still had over £600 to pay on the loan is likely to have caused her to worry. I think that's something Satsuma should've recognised and acknowledged. And I think an award of £250 is appropriate in this case.

I expect both Miss T and Satsuma will be disappointed by my proposed decision.

Miss T has told us that she wants at least £400 to recognise what she's been through. I can tell that she feels very upset and frustrated at what has happened. And I'm sorry that she feels her mental health has also been adversely affected. I do accept that she was caused stress - but how much of it is down to Satsuma's error or down to her general poor financial state it's hard to say. I agree that the withdrawal of £166 meant Miss T had to juggle her money in a way which was likely to have been different to what she'd planned. On top of that she was told she still had over £600 to pay on the loan: this is likely to have come as a real blow to her. It wasn't until four weeks later that she was informed that this was no longer the case. With all this in mind I think £250 would fairly and reasonably compensate her for her trouble and upset.

Satsuma will be disappointed because - to some degree - it has tried to put things right. But I'm not persuaded it has gone far enough.

My role is to reach an outcome which is fair and reasonable in all the circumstances. So in addition to the things Satsuma agreed to do in November 2018 I'm persuaded that a further award of £250 to Miss T would be fair. And that is how I propose Satsuma should put things right. So on top of what it's already done, Satsuma should pay Miss T £250 for the additional trouble and upset caused to her when things went wrong in October and November 2018.

As I've mentioned above I haven't been provided with anything further which persuades me to depart from my provisional conclusions. So I uphold Miss T's complaint and require Satsuma to pay her an additional £250 to reflect her trouble and upset.

### **my final decision**

For the reasons outlined above and in my provisional decision, I uphold Miss T's complaint and require Provident Personal Credit Limited to put things right by paying her an additional £250 for her trouble and upset.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 14 December 2019.

EJ Forbes  
**ombudsman**