

**complaint**

Mr A complains that Provident Personal Credit Limited (trading as Satsuma Loans) was irresponsible to lend to him.

**background**

Mr A had two loans from Satsuma Loans between March 2018 and May 2018 as follows:

<u>Loan</u>	<u>Date</u>	<u>Amount</u>	<u>Term</u>	<u>Repayment</u>	<u>Due</u>	<u>Repaid</u>
1	20 Mar 2018	£900	12m	£149.40	1 Apr 2019	26 Jun 2018
2	18 May 2018	£300	12m	£49.80	1 Jun 2019	26 Jun 2018

Mr A says his expenditure exceeded his income during this period and he had to continue to borrow to get through each month. He says that if Satsuma Loans had carried out better checks it would have seen from his credit report that his debt was increasing and the loans were unaffordable.

Satsuma Loans says it asked Mr A for information about his income and expenditure and checked his credit file. It says Mr A's income was verified, but that its credit checks indicated Mr A had under-declared his expenses. Satsuma Loans says it adjusted its calculations accordingly, but that it found the repayments were still affordable to Mr A.

Our adjudicator did not recommend the complaint should be upheld. She was satisfied that Satsuma Loans had done enough checks and found the repayments were affordable based on the available information.

Mr A responded to say, in summary, that he was reliant on high interest loans during the period and borrowed elsewhere to repay the Satsuma Loans.

**my findings**

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

Satsuma Loans was required to lend responsibly. It should have made checks to make sure Mr A could afford to repay the loans before it lent to him. Those checks needed to be proportionate to things such as the amount Mr A was borrowing, and his lending history. But there was no set list of checks Satsuma Loans had to do.

Loan 1

When Mr A applied for his first loan from Satsuma Loans, he said his income was £2,155 and his expenditure was £1,025. As the scheduled repayments were a small proportion of Mr A's declared income, I find it reasonable that Satsuma Loans would have found loan 1 to be affordable.

But Satsuma Loans also checked Mr A's credit file. There was nothing on there that should have indicated Mr A was in financial difficulty and, although there were a number of defaults recorded, the last of these was three years earlier. But Satsuma Loans wasn't satisfied Mr A

had declared all his credit commitments so it increased Mr A's expenditure figure by around £650. This still left him with a disposable income of just under £480, so I can't conclude Satsuma Loans was wrong to approve loan 1.

### Loan 2

Loan 1 was still outstanding when Mr A applied for his second loan. This meant his scheduled repayments increased to just under £200. His declared income and expenditure was unchanged from loan 1, but again, Satsuma Loans found it necessary to adjust his credit commitments upwards – this time by around £815. Satsuma Loans calculated his disposable income was actually £315 for loan 2, but this still made the combined repayments affordable to Mr A.

I acknowledge what Mr A says about being reliant on loans throughout this period, but I'm satisfied Satsuma Loans took that into account when it adjusted his expenditure figure based on what it saw on his credit file. I consider the checks carried out were proportionate to the circumstances of both loans, so I don't find Satsuma Loans did anything wrong by approving them.

### **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 A to accept or reject my decision before 30 April 2019.

Amanda Williams  
**ombudsman**