

complaint

Mr A complains about a loan he took out with Provident Personal Credit Limited t/a Satsuma. He believes the loan was unaffordable and that it should never have been agreed.

background

Mr A took out a 12 month loan for £800 in April 2015. The monthly repayments were £126.67 and the repayments were made on time each month. The loan was repaid in full.

Mr A says that he couldn't actually afford the loan and he believes it should never have been granted. He says he had to take out additional borrowing with other companies, which was also unaffordable.

He complained to Satsuma and as it didn't uphold his complaint he then referred it to us. One of our adjudicators looked at what the parties had provided but ultimately felt Satsuma had not acted unreasonably by granting the loan. She didn't therefore think the complaint should be upheld.

Mr A didn't accept the adjudicator's conclusions and asked for the complaint to be reviewed.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've not upheld this complaint.

Mr A took out a loan of £800, which was to be repaid over 12 months. When deciding whether or not to lend to a customer a business must ensure the loan is affordable and can be repaid without any problems. Exactly how a business decides whether the loan is affordable will be up to that business. But it must make reasonable and proportional enquiries, depending on the size of the loan.

In this instance Satsuma has told us that the loan was taken out online. Mr A provided details of his income and expenditure, which was £1,330 and £650 respectively. Satsuma also said it did a credit search when deciding to lend.

The loan repayments here were £126.67 each month and having considered what Satsuma did to assess the affordability of the loan, I'm satisfied it did enough. Mr A reported a disposable income that was more than sufficient to easily meet the repayments on the loan and I've seen nothing that would indicate Satsuma would have known the loan was actually unaffordable.

I appreciate Mr A now says that his expenditure was much higher than was recorded but a business is entitled to rely upon the information a customer provides about their circumstances. Unless however there's anything to indicate the business should know the information provided is wrong. I've seen nothing here that would indicate Satsuma should have known the information provided at the time of the application was not accurate.

Having carefully considered all that's been provided here I think Satsuma did sufficient checks when deciding to lend to Mr A. I also think Satsuma would not have known that Mr A

couldn't actually afford the loan. I don't therefore think Satsuma acted unreasonably here and I don't think the complaint should be upheld.

my final decision

My final 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 18 April 2017.

Mark Hollands
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